



# **Enterprise Contract Management Guide**

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Department of Information Resources

Version 1.3.7

Revised: April 2015

## Revision Sheet

Revision No.	Date	Author	Revision Description
Rev. 0	02/2012	Enterprise Contracts	Initial Draft
Rev. 1.0	07/2012	Grace Windbigler	Added procedures 3.60 and 3.70
Rev. 1.1	01/2013	Grace Windbigler	Added procedures 1.30, 2.130, TEX-AN NG Contract Management Procedures Addendum, and language referencing BIM and SAM
Rev. 1.2	04/2013	Grace Windbigler	Updated procedures to reference HUB Policies and Procedures Manual as applicable
Rev. 1.3	06/2013	Grace Windbigler	Added procedure 4.120. Updated procedures 2.10, 2.110, 3.10, 4.60 and 4.120 and renumbered 4.120 through 4.160. Updated Appendices 12 and 15. Added Appendices 52, 53 and 54.
Rev. 1.3	07/2013	Grace Windbigler	Updated procedures 3.10 and 4.40 with updated CPA NIGP Code website url.
Rev. 1.3.1	09/2013	Grace Windbigler	Updated procedures 1.30, 2.10, 3.30, 3.50, 4.10 and 4.70
Rev. 1.3.2	11/2013	Grace Windbigler	Updated procedure 2.20
Rev. 1.3.3	02/2014	Grace Windbigler	Added procedure 1.00. Updated procedures 3.30 and 4.70. Updated TEX-AN NG Contract Management Procedures Addendum.
Rev. 1.3.4	04/2014	Grace Windbigler	Added procedure 4.170. Updated procedure 4.120.
Rev. 1.3.5	10/2014	Grace Windbigler	Updated procedures 2.10, 2.30, 4.10 and 4.70.
Rev. 1.3.6	02/2015	Grace Windbigler	Updated procedures 1.20, 2.10, 2.100, 2.30, 2.50, 2.60, 2.110, 2.120, 3.10, 3.20,

			3.30, 3.40, 3.50, 4.10, 4.10.2, 4.30, 4.40, 4.40, 4.60, 4.70, 4.120, 4.140, 4.150, 5.10  Added procedures 4.10.1, 4.10.2, 4.40.1, 4.40.2, 4.40.3, 4.40.4, 4.40.5, 4.40.6, 4.40.7
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Revision No.	Date	Revision Description	Author	Approval Authority
1.3.7	4/2015	<b>1.00 Contract Manager Training</b> <b>Changed paragraph from:</b> • All Contract Managers must obtain the Certified Texas Procurement Manager (CTPM) certification within an acceptable timeframe established by the agency. <b>To:</b> • All Contract Managers must obtain the Certified Texas Procurement Manager (CTPM) certification within one-year (1) of employment if not already certified, unless otherwise approved by Supervisor.	K.Parker	Dana Collins
1.3.7	4/2015	<b>1.00 Contract Manager Training</b> <b>Changed paragraph from:</b> • All Contract Managers must obtain the Certified Texas Contract Managers (CTCM) certification within an acceptable timeframe established by the agency. <b>To:</b> • All Contract Managers must obtain the Certified Texas Contract Managers (CTCM) certification within one-year (1) of employment if not already certified, unless otherwise approved by Supervisor.	K.Parker	Dana Collins

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## Introduction

The Department of Information Resources (DIR) Enterprise Contract Management Section is promulgating these Contract Management Procedures to 1) document the manner in which Contracts established by the Enterprise Contract Management Section of DIR are planned for, procured and managed, and 2) train new employees in the process of being a successful Enterprise Contract Management Contract Manager. DIR employees are required to strictly adhere to the ethics and conflict of interest standards and policies. To that end, all employees are required to successfully complete the DIR ethics training course.

The Procedures are drafted with the State of Texas Contract Management Guide, Version 1.12, as a reference and with the intent to use as much of the “best practices” contained therein as applies to the type of contracts that DIR establishes. However, there are limits to the applicability of the Guide and the purpose of this introduction is, in part, to document the variances between the Enterprise Contract Management Section practices and the Guide. See page 32 of the Guide regarding Information Technology Contracts.

To develop these procedures, the Enterprise Contract Management Section examined its existing processes, the State of Texas Contract Management Guide, and Texas procurement rules and laws. The goal of this effort is to have the Section’s procedures in compliance with all of the above, as well as establish best practices that are applicable for the section’s use. These procedures are reviewed on an annual basis with coordination and guidance provided by the Office of the General Counsel and Internal Audit Department.

## About DIR Enterprise Contracts

The Enterprise Contract Management Section (Section) is responsible for contract management of three areas of contracting conducted by the agency. Those are: 1) the family of contracts which support the operation of the Communications Technology Services Division, comprised of two networks, the Capitol Complex Telephone System (CCTS) and Tex-AN, the Texas Agency Network, (hereinafter the Communications Technology Division Contracts), the most recent procurement for Tex-AN services is known as Tex-AN Next Generation Communications Technology Services Contracts, or Tex-AN NG CTSAs, 2) the Texas.gov (formerly Texas Online) Contract, governing the State’s internet portal and 3) Data Center Services Contracts. In addition, the Enterprise Contract Management Section is responsible for the contract management of staff augmentation and outside consultant contracts.

The Communications Technology Services Division (CTS) of DIR is responsible for managing the CCTS and Tex-AN telecommunications networks, by statute. See Chapter 2170, Texas Government Code. These are 24 x 7 x 365 operations that connect state offices and employees with one another and all of their respective constituents. The networks offer voice, data and internet connectivity among other services. The Services are outsourced to major telecommunications carriers; and depending on the services provided, end user Customers are either billed directly by the carrier or DIR will bill its end user Customers. The low rates achieved

through the carrier contracts are not available to individual persons. These operations are cost recovery, therefore the CTS Division marks up the carrier rates to recovery its cost of operation. End user Customers are responsible for any necessary Customer premises equipment, some of which is available through the current Information and Communications Technology (ICT) Division Contracts. Through the Tex-AN NG Contracts, some equipment may be available as a Managed Service when bundled with a telecommunications service. Currently, the pattern of contracts allows end user Customers a choice of carrier from which to receive local service, data and long distance Services. The Tex-AN NG CTS Contracts are awarded on a no-quantity–guarantee basis. Because of the time, expense and complexity involved in transitioning Customers from one Vendor network to another, as is currently the case, DIR has contracted the Tex-AN NG CTSAs for a base term of five years, with up to a total of an additional five years to renew thereafter. This is at variance with the rule of thumb in the Contract Management Guide (page 40, Contract Term), but is justified by the business case involved.

In contrast, the Texas.gov (formally TexasOnline Program) is the official eGovernment web site for the State of Texas. Known statutorily as the “state electronic internet portal”, Texas.gov is the primary resource for Texas web-based services, providing eligible customers with the expertise to automate routine tasks into interactive online applications for citizens and businesses. Eligible customers are legislatively authorized to utilize the Enterprise contracts.

Texas.gov is operated as a self-funded, public-private partnership. DIR provides contract management, strategic and operational oversight, enterprise-level coordination and advocacy. The private partner, Texas NICUSA, provides all other aspects of program management.

Texas.gov hosts more than 1000 online services for more than 100 publicly-funded customers. Examples of the types of easy and convenient government services available include:

- State licenses and permits
- Local utility bill payments
- Enrollment fees for certain state services
- Vital records (birth, death and marriage certificates)
- Driver license renewals and driver records review
- Vehicle registration renewals and specialty license plates

Under the Data Center Services Program (DCS), DIR provides technology infrastructure to many important Texas programs, like Food Stamps, Unemployment Insurance, and Child Support. The program includes operating legacy agency data centers while consolidating operations to two modern facilities. By consolidating from an aging, disparate infrastructure spread across 1,500 locations including 31 data centers, the state will upgrade technology and realize the vision of shared services. DCS program services include computer processing, data storage, data center security and management, and bulk printing and mailing. DCS manages these activities using a multi-vendor model with contracts for service component delivery and the multisourcing service integrator (MSI) functions. DCS provides data center and disaster recovery services to participating state agencies (DIR Customers).

The DCS program runs the two consolidated data centers.

Services include:

- Mainframe and server computer processing
- Bulk print and mail
- Disaster recovery
- Security controls
- Data center internal network and network connections to the data centers
- Facility management services

DCS DIR Customers receive in-scope services through the contracts while providing other technology services, such as application development, help desk support, and local area networks, to their customers.

The DCS program enables participating agencies to purchase data center services on a consumption basis, paying only for the services used rather than assets. By processing data center-related costs through the program, state leadership and other stakeholders have visibility into the total costs for these services.

One common element for all three types of contracts managed under these procedures is that all Products and Services fall within the definition of Automated Information Systems (see Section 2157.001, Texas Government Code, for the definition), which may be procured using the methods authorized under Chapter 2157, Texas Government Code. These methods include the competitive sealed proposal method and the direct negotiation method. The exclusive method the Section uses to ensure best value to the State and its Customers is the competitive sealed proposal method under Chapter 2157 unless an emergency situation arises, for which the Section will use the emergency purchase techniques authorized in Chapter 2155 of the Texas Government Code. Procurement projects planned by the Enterprise Contract Management Section are submitted to the Contract Advisory Team for review and approval, as appropriate. See Chapter 2166, Texas Government Code.

To the extent these procedures are at variance with the Contract Management Guide, there are practical reasons for the variance. All of the Enterprise Contracts are the result of legislation which prescribes the results to be achieved and in some instances the methodology to utilize. These Contracts may contain innovative technology and require hybrid or differing terms and conditions not readily found in the Contract Management Guide. In some instances, reimbursement to the Vendor may take various forms. For example, certain Contracts allow a Customer to place an order, the Vendor ships the item or items to the Customer, and invoicing and payment ensue. Alternatively, DIR will bill the Customer for services rendered and will pay the vendor directly. Invoicing may occur through DIR whereby DIR allocates the charges to the agencies.

In other instances, the vendor may directly bill the Customer and DIR is not a party to the transaction. Finally, for the Texas.gov contract, there is no reimbursement from DIR to the vendor



for its services – this contract is a self-funded model based on convenience fees assessed on users of the portal, with the share of the state’s proceeds going to the General Fund. Therefore, some of the steps outlined in the Guide do not apply or are not essential to a successful contract of this variety. Finally, when conducting a procurement, where possible and applicable, DIR uses a contract template as a part of the solicitation. These contract templates have been carefully drafted to support the related program the procurement is supporting and are not generally open to massive renegotiation with vendors. When alternative language is negotiated and there is more than one contract awarded, DIR undertakes to amend all contracts under the same program so all vendors are operating under the exact same terms and conditions. A contract template specific to one of the programs within Enterprise Contract Management Section is attached to each solicitation, so that vendors understand DIR’s contract terms and conditions when developing their proposals. DIR has found this disclosure of the Contract as a part of the procurement process speeds negotiations.

In addition, Enterprise Contract Management is responsible for maintaining training curriculum for new employees, program area staff, executive management and the DIR Board on the contract management process and requirements. The Section utilizes a variety of media to train employees including webinars, live training sessions, one-on-one tutorials, and Board meetings. This training is held in conjunction with the Contracts and Vendor Management Section to ensure all staff involved in contract management are trained. The training is provided to new employees and also on an annual basis to current employees.

Annually, the DIR Board reviews and approves the Technology Sourcing Office Procurement Plan. This Plan is reviewed and updated throughout the fiscal year as necessary.

An organization chart for the Enterprise Contract Management Section is included as Appendix 56. Please use this as a guide to understand the interplay among the team members involved in the procurement process.

## **Organization of this Document**

The procedures contained in this document are separated into 5 major sections: 1) Planning, 2) Procurement, 3) Contract Formation, 4) Contract Oversight/Administration, and 5) Contract Close-Out. These sections correspond to the Contract Management Framework version 1.12, defined on in the State of Texas Contract Management Guide, except that DIR has added a separate Section 5, Contract Close-Out, and the Contract Management Guide folds this topic into Contract Oversight/Administration.

Each section is prefaced with an introduction explaining the purpose of the section and highlighting variances in the procedures from those suggested by the Contract Management Guide. Each procedure is numbered and includes the section number as the prefix and the procedure number for that section. The procedure numbers are sequenced in multiples of ten to allow insertion of new procedures. In section 1, the first procedure is numbered 1.00 and the second procedure is numbered 1.10. In section 2, the first procedure is numbered 2.10 and the second procedure is numbered 2.20.

The Guide is reviewed annually or as needed. Revisions are noted on the Revision Sheet, page.i.

## 1. Planning

Planning is the first and a very important step in Contract Management. Better planning results in a more successful Contract. A well-formed solicitation document results in better responses and more competition. A clear statement of demand/need and effective research gathering makes the Contracting Team more knowledgeable about the subject matter of a contract. Planning focuses the Contract Manager on who, why, what, how and when of the Procurement. *Who* establishes the Contract Management team. *Why* helps to determine the need for a Procurement. *What* focuses on the Product or Service to be procured. *How* is the procurement method and the Contract model. *When* establishes the proper timeline.

The State of Texas Contract Management Guide (CMG) Version 1.12 states, “each contract management initiative should include an executive sponsor, a Contract Manager, purchasing department staff and program staff...” (See CMG version 1.12. page 21) Due to the nature of the contracts managed by the Enterprise Contract Management Section, various stakeholders are crucial to the success of each procurement. These Enterprise Contract Management Section Procedures state that the Contract Management team shall be composed of a Contract Manager, Enterprise Contract Management Section Manager, Technology Sourcing Office Director, Office of General Counsel, Purchasing Staff, Project Manager, and other program staff as required. The program staff will provide input as to the technical requirements and serve as the subject matter experts for the procurement.

According to the Contract Management Guide Version 1.12, risk management is an important step in the planning phase. In the planning phase, the DIR Contract Manager will conduct a certain amount of risk analysis, and work to mitigate that risk by adhering to the procedures established in these Contract Management Procedures. Risk management is a five part process: 1) identify risk; 2) analyze the likelihood of risk; 3) risk evaluation; 4) risk treatment and contingency plan and 5) risk monitoring. (See CMG version 1.12, page 21) The following should be considered in the risk assessment: product or service risk, process risk, financial risk and schedule risk.

Procedure 1.10 addresses Contract Needs Assessment. The purpose of the needs assessment is to ensure the Contract Management Team plans for the correct contracting objective. A clear definition of the contracting objectives and purpose to be accomplished by the contract is intended to assist the team later in developing the scope statement for the solicitation, negotiation and contracting documents, and in verifying the performance of a Vendor. This assessment should incorporate the initial business case conducted by the agency when the legislature determined to create the related program and to contract out for the service.

According to the State of Texas Contract Management Guide, Version 1.12, “well-formed objectives will help guide and keep the contracting process focused and on track”. (See CMG, version 1.12, page 29) Defining the contracting objectives, assumptions, and constraints can be quite complex. Each procurement is different; therefore the description of the objective, assumptions and constraints will vary. Generally the Enterprise Contracts are statutorily based so the objectives must include the statutory requirements of the program, rules, policies and business processes that are relevant or may be impacted by the procurement.

Success of resulting contracts is based on effective research performed up front during the planning stage. Procedure 1.20 Research, establishes the procedure for gathering research. Contact and interview people in agencies in other states that operate similar programs and are engaged in contractor oversight similar to the one being planned. Document the strengths, weaknesses, problems and the lessons learned in the interviews. Use the internet and technology association contacts to search for copies of solicitation documents, contracts and oversight documents or products used by others. Review websites for useful information. Check with universities, trade associations and professional organizations to identify industry practices, methods, standards and rules that will deliver the goods or perform the services. Another approach to identifying information regarding the availability, features or measures for the purchase of goods or services is to publish a Request for Information (RFI). Potential contractors may respond to the RFI with information that will assist the agency during the contract management process.

The procedures necessary for Section 1, Planning, are contained in the following pages.

## Procedure 1.00 Training Requirements

Purpose	To identify minimum training requirements for contract managers and contract manager supervisor.
When to Use	Anytime a Contract Manager or Contract Manager Supervisor is hired.
Responsibility	Contract Manager and Contract Manager Supervisor.
Procedure	<ul style="list-style-type: none"><li>• All Contract Managers and Contract Manager Supervisor must complete the Certified Texas Procurement Manager (CTPM) training requirements. These requirements are:<ul style="list-style-type: none"><li>○ Texas Basic Public Purchasing</li><li>○ Texas Advanced Public Purchasing</li><li>○ Cost &amp; Price Analysis, Negotiations Skills, Contract Administration</li></ul></li><li>• All Contract Managers must obtain the Certified Texas Procurement Manager (CTPM) certification within one-year (1) of employment if not already certified, unless otherwise approved by Supervisor.</li><li>• All Contract Managers and Contract Manager Supervisor must complete the Certified Texas Contract Manager training requirements. These requirements are:<ul style="list-style-type: none"><li>○ Contract Management Practices and Principles</li><li>○ Negotiation Strategies and Techniques</li><li>○ Project Management for Contracting Professionals</li><li>○ Source Selection: The Best Value Process</li></ul></li><li>• All Contract Managers must obtain the Certified Texas Contract Managers (CTCM) certification within one-year (1) of employment if not already certified, unless otherwise approved by Supervisor.</li><li>• At a minimum contract managers and contract manager supervisors must obtain an average of 120 hours of continuation education related to purchasing and/or contract management over a 5 year period to maintain their certification. The department encourages staff to obtain 24 hours of continuing education each calendar year.</li><li>• The department will monitor training requirements to be established in relation to the new Texas Contract Management Guide, as to requiring additional training or making certain training requirements mandatory as part of the 24 hours of continuing education.</li></ul>

Date of Last Revision	04/2015
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### Procedure 1.10 Contract Needs Assessment

Purpose	Identify the need for a new Enterprise Contract, or extension or rebid of existing Contract
When to Use	When: 1) a need is identified, or 2) an existing Contract is to be rebid or extended
Responsibility	Program Area, Contract Manager or DIR Executive Management identifying a potential contract need.
Procedure	<p>Identify existing statutory requirements, agency rules, policies and business processes that will be impacted by the contract.</p> <ol style="list-style-type: none"><li>1. The Project Delivery Framework, Business Case Template, <a href="http://www2.dir.texas.gov/management/projectdelivery/projectframework/justification/Pages/BusinessCase.aspx">http://www2.dir.texas.gov/management/projectdelivery/projectframework/justification/Pages/BusinessCase.aspx</a> or other similar documentation that identifies the need and contains all pertinent information, as applicable is completed by the business area.</li><li>2. Business area will submit the approved business case template or other documentation to the Manager of Enterprise Contract Management.</li><li>3. Proceed to 1.20 Research</li></ol>
Date of Last Revision	

## Procedure 1.20 Research

Purpose	To acquire as much information as possible about a Product or Service to make a recommendation whether to conduct a new procurement, extend, or re-bid a current contract
When to Use	When gathering and documenting justifications to support recommendations.
Responsibility	Contract Manager responsible for the Enterprise Program Area (i.e. Data Center Services, Tex-AN, Texas.gov.)
Procedure	<ol style="list-style-type: none"><li>1. Review approved Business Case document. Sources of information to be gathered may include the following:<ol style="list-style-type: none"><li>a. Industry Experts (i.e. Forrester, Gartner)</li><li>b. Other agencies</li><li>c. New Product and/or Service Request Form (NPSR) (Appendix 2) and Sourcing Analytics Team recommendation documentation</li><li>d. Customary industry practices</li><li>e. Other sources for similar projects</li><li>f. Customer focus groups</li><li>g. Surveys</li><li>h. Request for Information (RFI)</li><li>i. Potential vendors</li><li>j. Trade associations</li><li>k. Universities</li><li>l. Other states</li></ol></li><li>2. Document the research findings including strengths, weaknesses, problems and any lessons learned, pricing structures and industry standards.</li><li>3. Use the internet to search for copies of solicitation documents, contracts and oversight documents (e.g., Vendor performance, Contract compliance) or products used by others or other useful information. Use industry association (NASCIO, NASTD) contacts to confirm other states' experiences and request sample documents</li><li>4. Create a folder for the enterprise procurement on the T: drive at T:\Enterprise Contracts.</li></ol>



	<ol style="list-style-type: none"> <li>5. Create a procurement folder and within that procurement folder create a folder title “Research” (example: T:\ Enterprise Contracts\Tex-AN\Tex-AN NG\Research).</li> <li>6. Retain all research documentation in the research folder used in step 1 above. Include any of the following as appropriate <ol style="list-style-type: none"> <li>a. Overview of research findings and recommendation to go forward with this proposed procurement.</li> <li>b. Business Case</li> <li>c. Funding/Business Model (e.g. cost recovery)</li> <li>d. Value for the State</li> <li>e. Attach any other supporting documentation if applicable</li> </ol> </li> </ol>
Date of Last Revision	

### Procedure 1.30 Methodology for Calculating ITSAC Not To Exceed (NTE) Rates

Purpose	To acquire as much information as possible about the Service to make a recommendation whether to increase or decrease NTE.
When to Use	When gathering and documenting justifications to support recommendations.
Responsibility	Contract Manager responsible for the Enterprise Program Area (i.e. Data Center Services, Tex-AN, Texas.gov, etc.) with the assistance of Subject Matter Experts (SMEs)
Procedure	<ol style="list-style-type: none"> <li>1. Contract Manager will obtain Salary.com Market Study Report or available source that provides a comprehensive collection of information for compensation related to resources for companies of all sizes.</li> <li>2. Obtains updated Salary.com <i>Market Study of Information Technology Personnel Compensation in the Education, Government and Nonprofit Industry pertaining to Medium Size Organizations located in Texas</i>.</li> <li>3. Contract Manager maps titles of the existing ITSAC <b>technology types</b> (e.g., Developer 1, Developer 2) to their closest Salary Report Title for comparison purposes.</li> <li>4. Contract Manager compares salaries from the previous Procurement Year Salary.com report to those in the current report and obtains a percentage change in average hourly rates for all technology levels in each <b>technology category</b> (e.g., Applications, Data Management, Project Management).</li> </ol> <p>For example, the percentage change for the Applications technology category is 3 percent (the average of 8%, -1%, 8%, 6%, 4%, 1%, -1%, and 3%). These percentages for each technology category were used to help determine the amount of increase for new Not-To-Exceed (NTE) rates.</p> <p><b>REVIEW OF ACTUAL RATES PAID THROUGH THE ITSAC CONTRACT</b></p> <p>Compiled all data on actual rates paid per technology type from previous fiscal years and plot the rates on a graph for each technology type. The average standard deviation was calculated for each technology level. For example, for Developer 1, Core, the calculation is as follows.</p> <div style="border: 1px solid black; padding: 5px; width: fit-content; margin-top: 10px;">\$70.00</div>

\$70.00
\$70.00
\$70.00
\$70.00
\$66.86
\$66.86
\$66.86
\$66.86
\$65.00
\$65.00
\$65.00
\$64.20
\$64.20
\$64.20

The average of these rates is \$67.00. The standard deviation is \$2.40. You obtain the average standard deviation by adding \$2.40 to \$67.00 = \$69.40 (or +1 standard deviation). Then you subtract \$2.40 from \$67.00 = \$64.60 (or – 1 standard deviation). Finally, average all rates that fall within this range to determine a new average of the rates that fell within  $\pm 1$  standard deviation (average standard deviation).

\$70.00	
\$70.00	
\$70.00	
\$70.00	
\$70.00	
\$66.86	\$69.40
\$66.86	

\$66.86	
\$66.86	
\$65.00	
\$65.00	
\$65.00	
\$64.20	\$64.60
\$64.20	
\$64.20	

Average of the rates below = \$65.83. **\$65.83 is the average standard deviation.**

\$66.86
\$66.86
\$66.86
\$66.86
\$65.00
\$65.00
\$65.00
\$64.20

Calculated the average standard deviation for each technology type. Then determined whether to raise the NTE rate, lower the NTE rate, or make no change.

#### **DETERMINING NEW NTE RATES**

##### **No Change in Rates**

Each technology type has a contractual NTE rate that vendors cannot exceed when charging customers for those technology types. A wide distribution of pricing points (rates paid by a customer) on a graph indicated that while some customers paid close to the NTE rate, many others paid less than the NTE rate. In these cases, the NTE rate should remain the same.

	<p>For example, see the chart for Technical Support, Legacy. The majority of customers paid at or close to the average standard deviation of \$50.25. However, several customers paid \$60.80, or close to the NTE rate of \$63.20. Due to the wide distribution of pricing points, the NTE remained the same.</p> <p><b>Increase in Rates</b></p> <p>A narrow distribution of pricing points on a graph clustered around the NTE rate indicated that the majority of customers paid close to or at the maximum NTE rate. In these cases, the rates were increased.</p> <p>Rates are increased based on the average standard deviation multiplied by the percent increase for the technology category as reported by Salary.com or available source that provides a comprehensive collection of information for compensation related to resources for companies of all sizes. For example Network Engineer – Core technology level is \$84.23. To determine the new rate, multiply the average standard deviation of \$84.23 by 1.06 percent (to indicate an increase in 6 percent, the average increase for the technology category of Telecom/Networking as reported in the Salary.com study or available source that provides a comprehensive collection of information for compensation related to resources for companies of all sizes). The result is the new NTE rate of \$89.28.</p> <p><b>Decrease in Rates</b></p> <p>If a significant distribution of pricing points (rates paid) on the graph are significantly lower than the NTE rate indicated, then the majority of the customers consistently paid less than the NTE rate. In this case, the rates should be lowered to the highest price paid by a customer (less than or equal to the NTE rates. If customers are identified who pay more than the NTE rate, and then those rates should not be considered).</p>
Date of Last Revision	09/2013

## 2. Procurement

Procurement covers the process from preparing the solicitation to reviewing proposals submitted. DIR follows the guidelines established in the State of Texas Contract Management Guide, Version 1.12, Chapters 3, 4 and 5.

In accordance with page 36 of the State of Texas Contract Management Guide, Version 1.12, procurements done by the Division are always done through the competitive solicitation process. The Contract Management Guide provides details on a “Statement of Work” document that performs the same function as the Request for Offers (RFO) document created by the Section and established templates used by the Section. As a part of the preparation of the solicitation, standard information is included in the RFO including: scope statement, submission requirements, evaluation criteria and weights (see 2.20 Draft the Solicitation). A sample contract document is also attached to the RFO.

The Section posts all RFOs on the Electronic State Business Daily (ESBD) website regardless of the dollar amount. The RFO document details any vendor conferences, communications guidelines, and submission requirements.

The procedures necessary for Section 2, Procurement, are contained in the following pages.

## Procedure 2.10 Draft the Solicitation

Purpose	To ensure that all solicitations are prepared in a consistent format in order to clearly communicate the needs and requirements of the solicitation.
When to Use	Any time a solicitation document is prepared
Responsibility	Contract Manager with the assistance of Subject Matter Experts (SMEs)
Procedure	<p>Note: SMEs who assist with solicitation development will provide Non-Disclosure Statements in advance of participation.</p> <p>The Contract Manager will:</p> <ol style="list-style-type: none"><li>1. Select the appropriate solicitation documents and sample contract documents (In most cases the previous RFO and Contract for specific program will be used as a starting point in drafting the new solicitation):<ol style="list-style-type: none"><li>a. Request for Offers (RFO) Template (Appendix 8), modified to support specific program</li><li>b. Contract for Enterprise Services, modified to support specific program (Appendix 31)</li></ol></li><li>2. Create RFO Scope Statement, if applicable (Appendix 6)</li><li>3. Copy applicable Request for Offers (RFO) and contract solicitation documents to folder created by Contract Manager under T:/BUSOPS/Pre-Contract/RFO<ol style="list-style-type: none"><li>a. Create folder with Solicitation Name and No (i.e. TEX-AN Next Generation Services RFO DIR-TEX-AN-NG-###)</li></ol></li><li>4. Enter Solicitation into Salesforce under "RFO Numbers" tab. Select NEW and Salesforce will auto-generate the Electronic State Business Daily posting number. (Enterprise Contract Registry (Appendix 14) was discontinued on October 1, 2014).<ol style="list-style-type: none"><li>a. Salesforce will assign the next sequential requisition number in the list</li><li>b. Enter the Solicitation Title/Description</li><li>c. Enter the Assigned Contract Manager name</li><li>d. Enter the RFO and Planning Phase start dates</li></ol></li><li>5. Determine procurement schedule and update RFO accordingly (Schedule will be tentative subject to Contract Advisory Team (CAT) Review and approval)</li></ol>

	<ul style="list-style-type: none"> <li>a. Deadline for submitting questions</li> <li>b. Deadline for answering questions</li> <li>c. Deadline for submission of responses</li> </ul> <p>6. Vendor conference determination and scheduling</p> <ul style="list-style-type: none"> <li>a. Determine whether a vendor conference will be held</li> <li>b. If yes: <ul style="list-style-type: none"> <li>i. Determine if vendor conference will be mandatory or optional <ul style="list-style-type: none"> <li>1. Optional vendor conference is the standard default</li> <li>2. If mandatory vendor conference, add statement to RFO</li> </ul> </li> <li>ii. Schedule conference room for vendor conference using: <ul style="list-style-type: none"> <li>1. Department of Information Resources conference rooms</li> <li>2. TFC conference room scheduling  <a href="http://schedule.tfc.state.tx.us/">http://schedule.tfc.state.tx.us/</a> </li> </ul> </li> </ul> </li> </ul> <p>7. Determine if there are any subcontracting opportunities in accordance with the HUB Policies and Procedures Manual Section 3.2</p> <ul style="list-style-type: none"> <li>a. The majority of procurements have subcontracting opportunities.</li> <li>b. If the procurement has no subcontracting opportunities: <ul style="list-style-type: none"> <li>i. Create Declaration of Subcontracting Opportunities (Appendix 9) <ul style="list-style-type: none"> <li>1. Sign the form</li> <li>2. Obtain HUB Coordinator signature</li> </ul> </li> </ul> </li> </ul> <p>8. Develop Evaluation Criteria (Appendix 12)</p> <ul style="list-style-type: none"> <li>a. If pricing is less than 50% of total evaluation criteria weight, complete Evaluation Criteria Memo (Appendix 11). Approval for criteria may come from governance body.</li> </ul> <p>9. Develop Vendor Reference (Appendix 52)</p> <ul style="list-style-type: none"> <li>a. Update Vendor Reference forms with appropriate RFO name, RFO Number, Response Due Date and Time.</li> <li>b. Create reference email address and update form with this information.</li> </ul> <p>10. Determine number of evaluators on the evaluation team in conjunction with the program area. Enter evaluator names into Salesforce under applicable RFO Number.</p> <p>11. Draft the RFO details</p> <ul style="list-style-type: none"> <li>a. Insert assigned Electronic State Business Daily (ESBD) Posting Number and title on title page</li> <li>b. Format page headers with assigned Electronic State Business Daily (ESBD) Posting Number and title</li> <li>c. Update template with detailed and specific information pertaining to the procurement in each applicable section</li> <li>d. Create the Products/Services List, if applicable</li> <li>e. Update Schedule Section of RFO with dates and times</li> </ul>
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	<ul style="list-style-type: none"> <li>f. Update Vendor Conference Section with date, time, location, mandatory/optional, or delete if not applicable</li> <li>g. Update response copies requested, request one original plus copies for the evaluation team (if hard copy is needed) consider using electronic format (e.g. thumb drives)</li> <li>h. Update Subcontracting Sections if no subcontracting opportunities available</li> <li>i. Update evaluation weights as applicable to Evaluation Criteria</li> <li>j. Enter a Help Desk Ticket to request a mailbox be setup for reference submittals. Format of the mailbox should indicate a key word from the RFO title including the word “references” (e.g., datastoragereferences@dir.texas.gov)</li> </ul> <p>12. Compare Evaluation Criteria with the RFO details to ensure that sufficient information is requested in the RFO</p> <p>13. Review and select applicable Commodity Codes</p> <ul style="list-style-type: none"> <li>a. Commodity Codes are listed on the Comptroller of Public Accounts (CPA) website</li> <li>b. Commodity Codes are National Institute of Governmental Purchasing (NIGP) Codes</li> <li>c. Include class and item number</li> </ul> <p>14. Create Electronic State Business Daily (ESBD) Posting Information Sheet (Appendix 13)</p> <ul style="list-style-type: none"> <li>a. Attach screen prints of NIGP commodity codes from the CPA website</li> </ul> <p>15. Request Purchaser Compiled Potential Vendor list</p> <ul style="list-style-type: none"> <li>a. All CMBL Vendors who have included the NIGP Commodity Codes applicable to the RFO</li> <li>b. Other potential vendors, if any, who may not be included in the CMBL list</li> </ul> <p>16. Prepare final solicitation package</p> <ul style="list-style-type: none"> <li>a. RFO Scope Statement</li> <li>b. Final version of the RFO</li> <li>c. Approved Research Compilation Form (if applicable)</li> <li>d. CAT Approval Documentation</li> <li>e. Sample contract document</li> <li>f. Product/Services listing (if applicable)</li> <li>g. Electronic State Business Daily (ESBD) Posting Information sheet</li> <li>h. Evaluation Criteria</li> <li>i. Vendor Reference Forms</li> <li>j. If no subcontracting opportunities, signed Declaration of Subcontracting Opportunities Form (Appendix 9)</li> </ul> <p>17. Make determination if products or services are E-rate eligible.</p> <ul style="list-style-type: none"> <li>a. If not, proceed to 2.20 CAT Review Submission.</li> </ul>
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	<p>b. If E-rate eligible, coordinate with E-rate Coordinator for posting the 470/471 form.</p> <p>18. Proceed to 2.20 CAT Review Submission</p>
Date of Last Revision	10/2014

## Procedure 2.20 CAT Review Submission

Purpose	To obtain review from the Contract Advisory Team (CAT) to solicit a major contract
When to Use	Prior to soliciting a major contract, defined as any IT contract over \$10,000,000.00 in value over the life of the transaction.
Responsibility	Office of General Counsel, Enterprise Contract Management Section Manager, Technology Sourcing Office Director, and Designated Enterprise Contract Manager
Procedure	<ol style="list-style-type: none"><li>1. Designated Enterprise Contract Manager enters required solicitation review information into CATRAD system. CATRAD is the CAT online submission system. Information required but not limited to the following:<ol style="list-style-type: none"><li>a. Contract Manager, Email Address, Phone Number, Job Title, and Certification</li><li>b. Solicitation Type (i.e. RFO)</li><li>c. Type of Review Required (i.e. CAT Review)</li><li>d. Solicitation Number and Name</li><li>e. Description and Comments</li><li>f. Commodity class and item codes</li><li>g. Estimated Total Value of Contract Planned</li><li>h. Issuance date of solicitation</li><li>i. Requested Response Date from CAT</li><li>j. Core Business Function of Agency</li><li>k. Complexity</li><li>l. Public Safety</li><li>m. Payment Method</li><li>n. Technology</li><li>o. Include any supporting documents as necessary (e.g., copies of RFOs, Contract templates, Terms and Conditions templates)</li></ol></li><li>2. CAT will review the Solicitation documents and respond with clarifications and recommendations.<ol style="list-style-type: none"><li>a. CAT will notify Enterprise Contract Manager if clarifications and recommendations require a response<ol style="list-style-type: none"><li>i. Enterprise Contract Manager will draft response to clarification request and forward to Office of General Counsel, Enterprise Contract Management Section Manager and Technology Sourcing Office Director for review and approval.</li></ol></li></ol></li></ol>

	<ul style="list-style-type: none"> <li>ii. Upon approval, Enterprise Contract Manager will provide clarification response to CAT if required</li> <li>iii. If any CAT recommendation is not applicable to the contract under review, DIR will provide a written explanation to the CAT</li> <li>iv. Upon approval, written recommendation and DIR response is placed in T:\ Enterprise Contracts\Contract Advisory Team Approvals\FY## Folder</li> <li>v. Solicitation and contract documents are revised to incorporate the applicable CAT recommendations</li> </ul> <p>b. If CAT recommendations are received and no response is required, DIR may proceed with the solicitation(s)</p> <ul style="list-style-type: none"> <li>i. Enterprise Contract Manager prepares internal response to recommendations and forwards draft to Office of General Counsel, Enterprise Contract Management Section Manager, and Technology Sourcing Office Director for review and approval.</li> <li>ii. Upon approval, written recommendation and DIR response is placed in T:\ Enterprise Contracts\Contract Advisory Team Approvals\FY## Folder</li> <li>iii. Solicitation and contract documents are revised to incorporate the CAT recommendations</li> </ul> <p>If CAT does not respond within 20 business days, DIR may proceed with the solicitation(s). Enterprise Contract Manager will incorporate any DIR internal changes/recommendations into solicitation documents as appropriate.</p> <p>3. Proceed to 2.30 Approval Routing - Internal</p>
Date of Last Revision	11/2013

### Procedure 2.30 Approval Routing Internal

Purpose	To obtain review and approval of procurement solicitations prior to public posting
When to Use	Anytime a public solicitation is issued
Responsibility	Contract Manager except where noted
Procedure	<ol style="list-style-type: none"><li>1. Fill out Business Issues Memorandum (BIM) (Appendix 1).<ol style="list-style-type: none"><li>a. All levels of approval are required for approval to post solicitations except Executive Director</li><li>b. Check "Solicitation Package"</li></ol></li><li>2. Assemble Solicitation Package including BIM</li><li>3. Route Solicitation Package for review and approval. Generally, if routed electronically, the routing is sent to all reviewers for review at the same time and is not done sequentially.<ol style="list-style-type: none"><li>a. Reviewer Process:<ol style="list-style-type: none"><li>i. Review complete Solicitation Package,</li><li>ii. Provide necessary comments,</li><li>iii. If acceptable, fill in applicable details on the BIM and route to the next party listed</li><li>iv. If not acceptable, route back to Contract Manager for correction/clarification</li></ol></li><li>b. HUB Reviewer Process:<ol style="list-style-type: none"><li>i. Solicitation package is routed electronically to HUB coordinators for review. HUB Coordinators are provided with five (5) business days to review and respond</li></ol></li><li>c. Approved Solicitation Package returned to Contract Manager</li><li>d. Contract Manager reviews Solicitation Package for completeness</li><li>e. Approved Solicitation Package routed to Purchasing for posting on the Electronic State Business Daily</li></ol></li><li>4. Proceed to 2.40 Posting</li></ol>

Date of Last Revision	10/2014
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## Procedure 2.40 Posting

Purpose	To provide the notice of solicitation opportunities to eligible vendors and the general public
When to Use	Any time a solicitation is issued
Responsibility	Contract Manager and Purchasing Office
Procedure	<ol style="list-style-type: none"><li>1. Purchasing Office posts solicitation on the Electronic State Business Daily (ESBD).</li><li>2. Purchasing Office issues external notice of solicitation posting via e-mail to CMBL vendor list and list of potential vendors provided by Contract Manager</li><li>3. Purchasing Office notifies Contract Manager via e-mail that solicitation has been posted</li><li>4. Purchasing Office issues notice via e-mail to Microsoft Outlook "DIR Everyone" list that the solicitation has been posted on the Electronic State Business Daily (ESBD). Upon issuance of a solicitation, DIR employees will not discuss the contents of the solicitation with any Vendor or their representatives. All requests for information must be forwarded to the DIR Purchaser.</li><li>5. Contract Manager updates Enterprise Contract Management Section Manager with solicitation milestones<ol style="list-style-type: none"><li>a. Date solicitation posted</li><li>b. Date of vendor conference (if applicable)</li><li>c. Date questions are due</li><li>d. Posting date for answers to questions</li><li>e. Date responses due</li></ol></li><li>6. Purchasing Office adds solicitation to Notice of Arrival Log (Appendix 22)<ol style="list-style-type: none"><li>a. Package Header</li><li>b. Description</li></ol></li></ol>

	<ul style="list-style-type: none"> <li>c. Due Date/Time</li> <li>d. Contact Person</li> </ul> <ol style="list-style-type: none"> <li>7. Purchasing Office posts Notice of Arrival Log in Purchasing Office (room 1335) and at the Front Desk (room 1300)</li> <li>8. Purchasing Office creates Response Sign-in Sheet (Appendix 21)</li> <li>9. Purchasing Office routes Solicitation Package back to Contract Manager</li> <li>10. Contract Manager verifies that solicitation and all necessary documents have been posted on the Electronic State Business Daily (ESBD)</li> <li>11. Contract Manager obtains screen print of Electronic State Business Daily (ESBD) posting for solicitation procurement file</li> <li>12. Contract Manager sends information to appropriate individual for posting on the DIR current contracting initiatives webpage.</li> <li>13. The Procurements for larger programs (e.g., Data Center Services, Texas.gov, Tex-AN) will typically have their own webpages with a description of the reprocurement and the solicitation documents. The Contract Manager works with program staff to determine the content. The Contract Manager is responsible for ensuring the procurement is appropriately described and the necessary documents posted.</li> <li>14. Proceed to 2.50 Vendor Conference, if applicable or 2.60 Solicitation Addenda Creation</li> </ol>
Date of Last Revision	



## Procedure 2.50 Vendor Conference

Purpose	To prepare and conduct a Vendor Conference
When to Use	Anytime a Vendor Conference is conducted
Responsibility	Contract Manager, unless otherwise noted
Procedure	<ol style="list-style-type: none"><li>1. Prepare agenda based on RFO<ol style="list-style-type: none"><li>a. Vendor Conference Agenda (Appendix 17)</li><li>b. Vendor Conference Facilitation Notes (Appendix 18)</li></ol></li><li>2. Determine if Web Conference will be held simultaneously.</li><li>3. Arrange for vendors to submit attendees name and contact info if appropriate.</li><li>4. Arrange for Scribe and/or recording device</li><li>5. Prepare Vendor Conference Sign-in Sheet (Appendix 16)</li><li>6. Prepare slide deck for Vendor Conference.</li><li>7. Coordinate attendance (as necessary) of internal participants at Vendor Conference<ol style="list-style-type: none"><li>a. HUB Coordinator</li><li>b. Office of General Counsel</li><li>c. Contract Manager</li><li>d. Manager of Enterprise Contract Management</li><li>e. Director, Technology Sourcing Office</li><li>f. Purchasing Office (Lead)</li><li>g. Persons having subject matter expertise</li><li>h. Scribe</li></ol></li><li>8. Coordinate and conduct internal meeting with participants to discuss specifics prior to Vendor Conference; review and revise slide decks as needed.</li><li>9. Purchasing and Contract Manager conduct Vendor conference</li></ol>

	<ul style="list-style-type: none"> <li>a. Introduction/house-keeping/sign-in</li> <li>b. Review RFO</li> <li>c. Review HUB plan if no HUB Program staff are available</li> <li>d. Conduct question and answers</li> <li>e. Closing summary</li> </ul> <p>10. Collect sign-in sheet to post on website and in the addendum with the, Q&amp;A notes</p> <p>11. Scan sign-in sheet for e-mail to potential vendors upon request</p> <p>12. Proceed to 2.60 Solicitation Addenda Creation</p>
Date of Last Revision	04/2013

## Procedure 2.60 Solicitation Addenda Creation

Purpose	To ensure that any changes or additional information related to a solicitation are prepared in a timely manner, with a consistent format and process
When to Use	Anytime changes or additional information related to a solicitation are necessary
Responsibility	Contract Manager, unless otherwise noted
Procedure	<ol style="list-style-type: none"><li>1. Questions and answers or other notes from Vendor Conference are gathered, proceed to step 4 below</li><li>2. Questions and answers are submitted in accordance with the requirements in the solicitation<ol style="list-style-type: none"><li>a. Purchasing forwards vendor questions to Contract Manager</li><li>b. Contract Manager drafts answers or obtains answers from subject-matter experts</li><li>c. Contract Manager collects all questions and answers for addenda</li><li>d. Proceed to step 4 below</li></ol></li><li>3. Other addenda needed for clarification<ol style="list-style-type: none"><li>a. Document justification for making change or addition</li></ol></li><li>4. Create Request For Offer Addenda (Appendix 19)</li><li>5. Fill out the Business Issues Memorandum (Appendix 1).<ol style="list-style-type: none"><li>a. Check "Other"</li><li>b. Note in "Subject" that this is "Addenda # to Solicitation DIR-TEX-AN-NG-XXX" and describe any significant content.</li></ol></li><li>6. Assemble Addenda with copy of RFO posting documents and BIM. Include any additional documentation needed to justify addenda contents.<ol style="list-style-type: none"><li>a. All levels of approval, except Executive Director, are required for approval to post Addenda</li></ol></li><li>7. Route Addenda for review and approval (may be done via email)</li></ol>

	<ul style="list-style-type: none"> <li>a. If Addenda contains answers to questions that must be posted according to published schedule, provide schedule date in e-mail</li> <li>b. Reviewer Process: <ul style="list-style-type: none"> <li>i. Review complete Addenda,</li> <li>ii. Provide necessary comments,</li> <li>iii. If acceptable, fill in applicable details on the BIM and route to the next party listed</li> <li>iv. If not acceptable, route back to Contract Manager for correction/clarification</li> </ul> </li> <li>8. Approved Addenda returned to Contract Manager</li> <li>9. Contract Manager reviews Solicitation Package for completeness</li> <li>10. Contract Manager forwards approved written answers to Purchasing</li> <li>11. Proceed to 2.70 Solicitation Addenda Posting</li> </ul>
Date of Last Revision	10/01/2012

## Procedure 2.70 Solicitation Addenda Posting

Purpose	To ensure that any changes or additional information regarding a posted solicitation is provided to potential vendors
When to Use	Any time it is necessary to amend a posted solicitation or provide additional information regarding a posted solicitation
Responsibility	Contract Manager except where noted
Procedure	<ol style="list-style-type: none"><li>1. Send written notification to Purchasing that solicitation addenda needs to be posted<ol style="list-style-type: none"><li>a. Requisition number (Electronic State Business Daily Posting number)</li><li>b. Addenda number</li><li>c. Physical location of document on T:/Drive or attach document(s) to e-mail</li><li>d. Type of document(s) (.doc, .xls, .pdf)</li><li>e. Deadline for posting of Addendum</li><li>f. Change to response due date, if applicable</li><li>g. General description of change for posting</li></ol></li><li>2. Purchasing posts addenda on Electronic State Business Daily (ESBD)<ol style="list-style-type: none"><li>a. Purchasing updates details Section of Electronic State Business Daily (ESBD) Notice to alert vendors that an addenda has been posted</li></ol></li><li>3. Purchasing notifies Contract Manager</li><li>4. Contract Manager verifies posting</li><li>5. Contract Manager obtains updated screen print for solicitation procurement file</li><li>6. If applicable, Contract Manager provides notification to update DIR Current Contracting Initiatives web page to reflect RFO response due date change.</li></ol>

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## Procedure 2.80 Solicitation Response Submission and Opening

Purpose	To ensure that all responses to solicitations are received, logged, and opened in a consistent manner
When to Use	When receiving any vendor response to a solicitation
Responsibility	Purchasing Office
Procedure	<ol style="list-style-type: none"><li>1. Vendor response to solicitation is delivered to Purchasing Office</li><li>2. Response is date and time-stamped</li><li>3. Response is logged in Response Sign-In Sheet (Appendix 21) by Purchasing Personnel</li><li>4. Response is placed in a secure, locked area</li><li>5. Upon response deadline posted in solicitation document, public opening occurs for any persons present for that purpose.<ol style="list-style-type: none"><li>a. Responses are opened</li><li>b. Respondents' names are read</li></ol></li><li>6. A copy of label affixed to the response showing date and time stamp is made for procurement file</li><li>7. Late responses are returned to Vendor unopened<ol style="list-style-type: none"><li>a. Cut and paste Non-Responsive Letter Late Arrival (Appendix 23) in current DIR letterhead and attach to Vendor's response</li></ol></li><li>8. A list of responding Vendors is made available on the DIR website in a link from the Current Contract Initiative page</li><li>9. Proceed to 2.90 Evaluation Team</li></ol>
Date of Last Revision	

## Procedure 2.90 Evaluation Team

Purpose	To develop evaluation team for review of proposals
When to Use	Anytime responses to solicitations are being evaluated.
Responsibility	Contract Manager
Procedure	<ol style="list-style-type: none"><li>1. Selection of evaluation team members<ol style="list-style-type: none"><li>a. Preferably odd numbers</li><li>b. Potential sources<ol style="list-style-type: none"><li>i. Subject matter experts</li><li>ii. Contract Manager</li><li>iii. Stake Holders (internal or external)</li><li>iv. Program Staff</li></ol></li></ol></li><li>2. Obtain commitment from team members based on:<ol style="list-style-type: none"><li>a. Expected time frame for evaluation period</li><li>b. Potential time requirements and potential volume of responses</li></ol></li><li>3. Team briefing and training set up<ol style="list-style-type: none"><li>a. Determine date and time</li><li>b. Schedule conference room</li><li>c. Provide notice to team members</li></ol></li><li>4. Develop evaluator training using the guidelines in Evaluation Guide (Appendix 10)</li><li>5. Prepare non-disclosure statements (Appendix 7) and Nepotism and Non-Disclosure form (Appendix 20) to be signed by all evaluators. This needs to be done at the first evaluation meeting.</li><li>6. Select a Procurement Quality Assurance Team (PQAT) – A PQAT member will be at each evaluation and negotiation meeting to ensure the integrity of the procurement process, if required. See Appendix 10 for information regarding the formation of the Procurement Quality Assurance Team.</li><li>7. Proceed to 2.100 Solicitation Administrative Review</li></ol>



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## Procedure 2.100 Solicitation Administrative Review

Purpose	To ensure solicitation responses received contain all mandatory response contents as listed within the RFO
When to Use	Anytime solicitation responses have been received
Responsibility	Purchasing Office except where noted
Procedure	<ol style="list-style-type: none"><li>1. Purchasing Office Administrative Review<ol style="list-style-type: none"><li>a. All responses are reviewed to ensure they comply with the applicable items listed in the Administrative Review in Salesforce</li></ol></li><li>2. All responses are reviewed to ensure they comply with the applicable items listed in the Administrative Review in Salesforce. For example but not limited to:<ol style="list-style-type: none"><li>a. HUB Plan</li><li>b. Original, electronic and required number of copies</li><li>c. Required items listed in RFO</li><li>d. References</li><li>e. CMBL</li><li>f. Executed Appendix A from RFO</li><li>g. Excluded Parties List System (System for Award Management)</li><li>h. Debarment Listing</li><li>i. Terrorism List</li><li>j. CPA Vendor Performance Program</li><li>k. Recycling</li></ol></li><li>3. Purchasing will indicate in Salesforce whether Vendor Passed/Failed Administrative Review.</li><li>4. Financial Stability Checks are conducted by the DIR Finance Section. Finance will indicate whether Vendor Passed/Failed in Salesforce.</li><li>5. Checklist and copies of HUB Plans are forwarded to HUB Coordinator</li></ol>

	<p>6. HUB Coordinator reviews HUB plans to ensure they are complete and responsive in accordance with the HUB Policies and Procedures Manual Section 3.1</p> <p>a. Obtain clarification if necessary:</p> <ul style="list-style-type: none"> <li>i. HUB Coordinator sends Request for clarification to Purchasing</li> <li>ii. Send list of Vendors to whom clarification should be sent</li> <li>iii. HUB Coordinator issues HUB clarification to Vendors</li> <li>iv. HUB Coordinator finalizes responsiveness determination</li> <li>v. HUB Coordinator will indicate in Salesforce whether Vendor Passed/Failed HUB Review.</li> </ul> <p>7. Purchasing sends Non-Responsive Letter (Appendix 24) on current DIR letterhead to Vendors whose responses were determined to be non-responsive</p> <p>8. Proceed to 2.110 Proposal Evaluation</p>
Date of Last Revision	04/2013

## Procedure 2.110 Proposal Evaluation

Purpose	To ensure that a consistent process is followed when evaluating solicitation responses
When to Use	Anytime responses to solicitations are being evaluated
Responsibility	Contract Manager, Purchasing Office, Evaluation Team
Procedure	<ol style="list-style-type: none"><li>1. Contract Manager develops evaluation team in accordance with 2.90 Evaluation Team</li><li>2. Contract Manager develops an Evaluation Guide (Appendix 10) which governs the evaluation</li><li>3. Contract Manager assigns each evaluation team member a number<ol style="list-style-type: none"><li>a. Determine method for obtaining scoring from evaluators. Copy electronic Evaluation Criteria (Appendix 12) for each qualified Vendor</li></ol></li><li>4. Evaluation team briefing<ol style="list-style-type: none"><li>a. Contract Manager conducts introductions, kick-off</li><li>b. Contract Manager reminds team of personal conduct, deadline for completion of evaluation</li><li>c. Contract Manager collects signed Nepotism and Non-Disclosure Statements (Appendix 20) from each evaluation team member</li><li>d. Contract Manager distributes evaluation packets, typically the RFO responses are posted electronically for evaluators<ol style="list-style-type: none"><li>i. Copy of RFO</li><li>ii. 1 copy of each response</li><li>iii. 1 copy of evaluation criteria/ Evaluation Guide (without weights)</li></ol></li><li>e. Contract Manager reviews evaluation criteria/Evaluation Guide with team to clarify issues or answer any questions</li></ol></li><li>5. Vendor References (Appendix 52), received in the designated email box by the date and time specified in the RFO, are evaluated and scored.</li></ol>

	<ul style="list-style-type: none"> <li>a. The scoring of verified Vendor References is conducted using the Reference Score Sheet (Appendix 53) by the Contract Manager or evaluation team member assigned by Contract Manager</li> </ul> <ul style="list-style-type: none"> <li>6. Each team member reads, evaluates, and scores proposals by deadline</li> <li>7. Contract Manager conducts post-evaluation meeting <ul style="list-style-type: none"> <li>a. Discuss issues, questions regarding responses and scoring issues</li> <li>b. Determine if clarification needed from vendors</li> </ul> </li> <li>8. If clarification needed from vendors <ul style="list-style-type: none"> <li>a. Contract Manager sends clarification request information to Office of General Counsel, Manager of Enterprise Contracts Section and Director, Technology Sourcing Office for review and concurrence</li> <li>b. Contract Manager incorporates any changes as applicable</li> <li>c. Contract Manager sends Purchasing Office the request for clarification and list of Vendors to whom request should be sent</li> <li>d. Purchasing issues clarification request to Vendors</li> <li>e. Purchasing sends clarifications to Contract Manager</li> <li>f. Contract Manager meets with evaluation team to discuss clarifications, if applicable</li> <li>g. Evaluation team members may revise score accordingly upon clarification of information.</li> </ul> </li> <li>9. Evaluation team members notify Contract Manager that scoring is complete</li> <li>10. Contract Manager compiles scores into combined score sheet</li> <li>11. Contract Manager reviews evaluation team members' scores for anomalies</li> <li>12. If one or more evaluation team members' evaluations differ from the majority <ul style="list-style-type: none"> <li>a. Contract Manager meets with evaluation team as a group <ul style="list-style-type: none"> <li>i. Evaluation team discusses the fact that there were anomalies without discussing actual scores</li> <li>ii. Evaluation team discusses the situation to ensure evaluation criteria were clear and that response information was not overlooked or misunderstood</li> </ul> </li> </ul> </li> </ul>
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	<ul style="list-style-type: none"> <li>iii. Under no circumstances should any evaluation team member attempt to pressure other members to change evaluation scores</li> <li>b. Evaluation team members may, at their own discretion, revise score and notify Contract Manager that scoring has been revised <ul style="list-style-type: none"> <li>i. Contract Manager updates combined score sheet according to evaluation team members' revisions</li> <li>ii. Contract manager will notify the Enterprise Contract Management manager when scoring is complete and if anomalies still exist</li> </ul> </li> </ul> <p>13. Contract Manager evaluates the number and significance of exceptions taken by the vendor, if any, according to the Scoring Criteria for Exceptions to Standard Terms and Conditions (Appendix 59) procedures to develop a preliminary score. The preliminary score is reviewed and approved by DIR Legal Counsel. The final score for Exceptions to Standard Terms and Conditions is added to the vendor's score</p> <p>14. Contract Manager tallies Reference and Pricing Scores and adds to the combined score sheet for final scores</p> <p>15. Contract Manager reviews scores to determine competitive break</p> <p>16. Proceed to 2.120 Selection for Amended Responses, BAFO or Negotiation</p>
Date of Last Revision	06/2013

## Procedure 2.120 Selection for Amended Responses, BAFO, or Negotiation

Purpose	To ensure that selection of vendors for Amended Responses, Best and Final Offer (BAFO), or negotiation is conducted in a fair and consistent manner
When to Use	Anytime vendor responses to solicitations are selected for any of the above or as specified in the Evaluation Guide
Responsibility	Contract Manager
Procedure	<ol style="list-style-type: none"> <li>1. Based on scores from combined evaluation, Vendor responses are selected for amended responses, BAFO, or negotiation (See page 67 of the Contract Management Guide for a general guideline) <ol style="list-style-type: none"> <li>a. Document methodology for Vendor selection on Recommendation for Negotiations (Appendix 28)</li> </ol> </li> <li>2. Fill out Business Issues Memorandum (BIM) (Appendix 1)</li> <li>3. Prepare negotiation recommendation packet <ol style="list-style-type: none"> <li>a. Completed Recommendation for Negotiations</li> <li>b. Combined score sheet</li> </ol> </li> <li>4. Attach Business Issues Memorandum (BIM) (Appendix 1)</li> <li>5. Route negotiation recommendation packet <ol style="list-style-type: none"> <li>a. Reviewer process <ol style="list-style-type: none"> <li>i. Review packet</li> <li>ii. Provide necessary comments</li> <li>iii. If acceptable, sign acceptance on Recommendation for Negotiations and fill in applicable details on the BIM and route to next party listed</li> <li>iv. If not acceptable, resolve issues with Contract Manager</li> </ol> </li> <li>b. Approved packet returned to Contract Manager</li> </ol> </li> <li>6. Contract Manager prepares Invitation to Negotiate (ITN) letters (Appendix 26) for selected Vendors</li> <li>7. Contract Manager prepares Intent Not to Negotiate (INTN) letters (Appendix 27) for Vendors not selected.</li> </ol>

	<p>8. Purchasing issues ITN letters to selected vendors for negotiation</p> <p>9. Purchasing issues INTN letters to vendors not selected for negotiation. Purchasing Office advises Contract Manager when all letters have been sent. If any emails are non-deliverable, Purchasing Office works with Contract Manager to correct or determine alternative means of delivery.</p> <p>10. Proceed to Section 2.130, De-Briefing for Vendors</p>
Date of Last Revision	



### Procedure 2.130 Procurement De-Briefing for Vendors

Purpose	To ensure that procurement de-briefings for vendors are conducted in a fair and consistent manner
When to Use	<p>Anytime vendor requests a de-briefing of evaluation scores.</p> <p>Vendor may request de-brief of evaluation scores after receiving a “no negotiations” letter or after the procurement has closed. In either instance, Contract Manager may conduct a de-briefing.</p>
Responsibility	Contract Manager
Procedure	<ol style="list-style-type: none"><li>1. Contract Manager receives request from Vendor for procurement debrief.</li><li>2. Contract Manager will determine if procurement is closed.<ol style="list-style-type: none"><li>a. If procurement is in negotiation phase, Contract Manager may conduct a debrief meeting, limiting any discussions to Vendor’s response and scores. At no time during this meeting will scores of other vendors be discussed.</li><li>b. If procurement is closed, Contract Manager may conduct a debrief meeting with Vendor to discuss their response and scoring in relation to other scores for the same categories, functions etc. as appropriate to each individual procurement.</li></ol></li><li>3. Contract Manager will fill out Debriefing Document (Appendix 51) and discuss content with Manager of Enterprise Contract Management.</li><li>4. Contract Manager will schedule meeting with Vendor to discuss de-briefing document.</li><li>5. All Debriefing documents will be filed with procurement file</li><li>6. Proceed to Section 3, Contract Formation</li></ol>
Date of Last Revision	

### 3. Contract Formation

Contract Formation covers the process from negotiation of the contract to the contract close-out process. The Section follows the guidelines established in the State of Texas Contract Management Guide, Version 1.12, Chapter 6.

The contract included in the solicitation provides the basis for contract negotiations. The negotiation team will review and determine the strategy to address the exceptions the vendor(s) have taken in consultation with legal counsel. The Enterprise Contract Management Section has several contract templates that are used as the basis for DIR Contracts. These templates are included in the Appendices to these Procedures. The Section has a team approach to the formation of a Contract, including the Chief Operating Officer, Technology Sourcing Office Director, Enterprise Contract Management Section Manager, Office of General Counsel and the Contract Managers. When appropriate, the Executive Director of DIR is also involved in the contracting process.

Contract Formation includes procedure 3.40, Procurement Process Close-Out. The purpose is to ensure that all procurements are assessed and documented in a consistent manner to determine if there are any lessons learned for future procurement efforts.

The procedures necessary for Section 3, Contract Formation, are contained in the following pages.

### Procedure 3.10 Contract Negotiation

Purpose	To ensure that all contract negotiations are conducted in a consistent manner in order to obtain the best value for the State
When to Use	Anytime a contract is negotiated
Responsibility	Contract Manager and Contract Negotiation Team where noted. The team will be determined based on the procurement.
Procedure	<ol style="list-style-type: none"> <li>1. Status Check of Vendor <ol style="list-style-type: none"> <li>a. CPA Tax standing <ol style="list-style-type: none"> <li>i. Check <a href="http://www.cpa.state.tx.us/taxinfo/coasintr.html">http://www.cpa.state.tx.us/taxinfo/coasintr.html</a> link to Comptroller of Public Accounts</li> <li>ii. Verify that CPA records show that no delinquent taxes are owed and Vendor is in good standing or franchise tax responsibility has ended</li> </ol> </li> <li>b. Commodity Class Item Codes <ol style="list-style-type: none"> <li>i. Check <a href="http://cmbldreg.cpa.state.tx.us/commodity_book/Numerical_index.cfm">http://cmbldreg.cpa.state.tx.us/commodity_book/Numerical_index.cfm</a></li> <li>ii. Verify that all class and item codes to be awarded are listed on Vendor's CMBL page</li> <li>iii. Omit this step if Vendor does not have a CMBL listing</li> </ol> </li> <li>c. HUB Status <ol style="list-style-type: none"> <li>i. Check <a href="http://www.cpa.state.tx.us/procurement/cmbld/cmbldhub.html">http://www.cpa.state.tx.us/procurement/cmbld/cmbldhub.html</a></li> <li>ii. Confirm status and type, if applicable</li> </ol> </li> <li>d. Accessibility Questionnaire Review Contract Manager must obtain Voluntary Product Accessibility Template (VPAT) spreadsheet from the agency Accessibility Coordinator (AC), complete Vendor information and forward to AC along with one set of response flash drives. Agency AC will complete comments on the spreadsheet and return to Contract Manager noting if further action is required. This becomes part of the Procurement file</li> <li>e. <i>Excluded Parties List System (EPLS)</i> maintained by the General Services Administration</li> </ol> </li> </ol>

	<ul style="list-style-type: none"> <li>i. Check System for Award Management (SAM) <a href="https://www.sam.gov/portal/public/SAM">https://www.sam.gov/portal/public/SAM</a></li> <li>ii. Verify that vendor is not suspended or debarred from doing business with the federal government</li> <li>e. Terrorism List published by the United States Department of the Treasury, Office of Foreign Assets Control <ul style="list-style-type: none"> <li>i. Verify that Vendor is not listed as a terrorist or terrorist organization</li> </ul> </li> <li>f. CPA Vendor Performance Program <ul style="list-style-type: none"> <li>i. Check <a href="http://www.cpa.state.tx.us/procurement/cmb/cmbhub.html">http://www.cpa.state.tx.us/procurement/cmb/cmbhub.html</a> to ensure that Vendor has not been barred by CPA</li> </ul> </li> </ul> <ol style="list-style-type: none"> <li>2. If any requirements of Step 1 are not met by Vendor, notify Vendor immediately. Contract Manager will determine if negotiations may proceed depending upon the requirement not met.</li> <li>3. Begin drafting contract language using Contract document selected</li> <li>4. Review Vendor's response for exceptions to Contract terms and conditions <ul style="list-style-type: none"> <li>a. Determine which exceptions appear to be reasonable and/or draft proposed language that would be acceptable</li> <li>b. Note which exceptions do not appear to be reasonable</li> <li>c. Send exceptions responses to Office of General Counsel for review and approval</li> </ul> </li> <li>5. Review pricing contained in Vendor's response <ul style="list-style-type: none"> <li>a. Note any assumptions, anomalies, discrepancies, areas for negotiation if applicable</li> <li>b. If applicable, Contract Manager will request Vendor to complete Cost Avoidance Spreadsheet (Appendix X-to be added) with top selling items to assist with price comparisons. Calculate preliminary cost avoidance to determine level of pricing Vendor is offering DIR Customers (see Section 4.120 Cost Avoidance). If pricing is not acceptable, Contract Manager will use the cost avoidance information to further negotiations</li> </ul> </li> <li>6. Meet with Contract Negotiation Team to discuss: <ul style="list-style-type: none"> <li>a. Vendor's exceptions to Contract terms and conditions</li> </ul> </li> </ol>
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	<ul style="list-style-type: none"> <li> <ul style="list-style-type: none"> <li>i. Possible draft language to address exceptions to terms and conditions</li> <li>ii. Vendor exceptions that cannot be accepted</li> </ul> </li> <li>b. Vendor's proposed pricing           <ul style="list-style-type: none"> <li>i. Comparison to information gathered on Research Compilation Form</li> <li>ii. Assumptions, anomalies, discrepancies</li> <li>iii. Pricing as it compares to other purchasing consortia</li> <li>iv. Best value pricing methodology is documented to support Appendix 28 (Recommendation for Negotiation)</li> </ul> </li> <li>c. Strategy for negotiations           <ul style="list-style-type: none"> <li>i. Roles and responsibilities of team members</li> <li>ii. Depending on scope and complexity of negotiations, level of involvement by team members will vary</li> <li>iii. Desired pricing</li> <li>iv. Desired language</li> <li>v. Determine "must have" items and their priority</li> <li>vi. Determine items that can be given up or traded for "must have"</li> <li>vii. Determine timelines of team member responsibilities</li> <li>viii. Prepare a table to include the Vendor's Exceptions from the RFO proposal (see Appendix 25) – this document may be used to send back and forth to Vendor and DIR Contract Manager to track the negotiations and document the process and the resolution of exceptions.</li> </ul> </li> </ul> <p>7. Meet with Subject Matter Expert(s) to review products/services, pricing and/or service agreements of highly technical proposals, if applicable</p> <p>8. Begin incorporating acceptable terms and conditions into draft contract</p> <p>9. Contract Negotiation Team negotiates with Vendor</p> <ul style="list-style-type: none"> <li>a. Work to resolve all issues in face-to-face meetings, via e-mail, or telephone using Appendix 25 – (Vendor Exceptions Table) if desirable.       <ul style="list-style-type: none"> <li>i. Contract Language</li> <li>ii. Pricing</li> </ul> </li> <li>b. Contract Manager will incorporate proposed and agreed-to language into draft Contract</li> </ul>
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	<ul style="list-style-type: none"> <li>c. Contract Negotiation Team will determine when it is appropriate to send the first draft of the Contract to the Vendor <ul style="list-style-type: none"> <li>i. Contract Manager will e-mail Division Director and Office of General Counsel draft contract for review</li> <li>ii. Upon written approval from Division Director and Office of General Counsel; Contract Manager will route to Vendor via e-mail for review/redline</li> <li>iii. Contract Manager will review Vendor's redline with Contract Negotiation Team</li> </ul> </li> </ul> <p>10. Upon completion of negotiations, Contract Manager will ensure all agree-to language is incorporated into the draft Contract</p> <p>11. Subject Matter Expert(s) may review the proposed final Contract for highly technical solicitations, if applicable</p> <p>12. Contract Negotiation Team may review the proposed final Contract for complex solicitations</p> <p>13. If negotiations are not agreed to by both parties, then Contract Manager will recommend to Cease Negotiations with Vendor</p> <p>14. Contract Manager will prepare a Business Issues Memorandum (BIM) (Appendix 1)</p> <p>15. Internal routing of Cease to Negotiate letter (Appendix 50) for approval to send to Vendor</p> <ul style="list-style-type: none"> <li>a. Reviewers <ul style="list-style-type: none"> <li>i. Certified Texas Purchasing Manager/Certified Texas Contract Manager (CTPM/CTCM)</li> <li>ii. Manager of Enterprise Contracts Section</li> <li>iii. Program Division Director and other appropriate division staff</li> <li>iv. Enterprise Contracts Division Director.</li> <li>v. Office of General Counsel</li> </ul> </li> <li>b. Reviewer process <ul style="list-style-type: none"> <li>i. Review Cease to Negotiate Letter</li> <li>ii. Provide necessary comments</li> <li>iii. Fill in applicable details on Business Issues Memorandum (BIM) (Appendix 1)</li> <li>iv. Route to next party listed</li> <li>v. If not acceptable, route back to Contract Manager for clarification or correction</li> </ul> </li> </ul>
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	<p>c. Approved Final Cease to Negotiate Letter returned to Contract Manager</p> <p>16. Contract Manager sends approved Cease to Negotiate Letter to Purchasing office to issue to Vendor via email</p> <p>a. Letter and timeline are placed in the final procurement file</p> <p>Proceed to 3.20 Contract Assembly</p>
Date of Last Revision	7/2013

### Procedure 3.20 Contract Assembly

Purpose	To ensure that all documentation is complete and all agreed-to language is incorporated in Contracts prior to contract execution
When to Use	Any time a Contract is being assembled prior to final review and signature
Responsibility	Contract Manager
Procedure	<ol style="list-style-type: none"><li>1. Create final contract documents<ol style="list-style-type: none"><li>a. Assign next available contract number from Enterprise Contract Registry.xls or create unique numbering (e.g. Tex-An-XXX or DCS-MSI-001)(Appendix 14)</li><li>b. Ensure all agreed-to language changes and pricing have been incorporated into final contract document</li><li>c. Ensure all agreed-to language has been incorporated into any vendor-supplied appendices</li><li>d. Incorporate Vendor's HUB Subcontracting plan</li><li>e. Incorporate applicable Appendices</li><li>f. Incorporate pricing Appendix, if applicable</li><li>g. Incorporate Management Plans, if applicable</li><li>h. Incorporate Governance, if applicable</li><li>i. Review to ensure all copyrighted, proprietary and confidential documents are clearly marked</li><li>j. Spell check documents, proof-read documents</li></ol></li><li>2. Print 2 copies of final Contract and all appendices, Exhibits, Attachments, as applicable. Voluminous contracts may have the MSA and Signature pages printed and the remainder may be maintained online.</li><li>3. Update cost avoidance in accordance with 4.120 Cost Avoidance, based on final contract pricing assuring cost avoidance discounts/pricing match the relative discounts/pricing shown in Appendix C</li><li>4. Compile the Disclosure Statements signed by evaluation team, DIR Staff, and others involved in the procurement</li></ol>



	<ol style="list-style-type: none"> <li>a. Obtain current State Auditor’s Office disclosure form(s) from: <a href="http://www.sao.state.tx.us/Resources/Forms/NepotismDisclosureForm.pdf">http://www.sao.state.tx.us/Resources/Forms/NepotismDisclosureForm.pdf</a> (Appendix 7)</li> <li>b. Use one form for DIR staff</li> <li>c. If the evaluation team consisted of staff from other agencies, complete a separate form for each agency</li> <li>d. Complete Part 1 of form including: <ol style="list-style-type: none"> <li>i. Name of company</li> <li>ii. Complete Filer’s Information (DIR’s address)</li> <li>iii. Name of the RFO next to company name</li> </ol> </li> <li>e. Insert staff names and titles on forms as applicable</li> <li>f. Include: <ol style="list-style-type: none"> <li>i. Contract Manager,</li> <li>ii. All evaluators, and</li> <li>iii. All persons who will sign the BIM.</li> </ol> </li> </ol> <ol style="list-style-type: none"> <li>5. Status Check of Vendor if previous check was more than 30 days ago repeat step 1 of Procedure 3.10.</li> <li>6. Proceed to 3.30 Recommendation for Award and Execution</li> </ol>
Date of Last Revision	

### Procedure 3.30 Recommendations for Award and Execution

Purpose	To ensure that all Contracts are routed, reviewed, approved and signed by Vendor and DIR
When to Use	Anytime a new Contract is ready for signature
Responsibility	Contract Manager, except where noted
Procedure	<ol style="list-style-type: none"><li>1. Create Contract Scope Information (Appendix 29)<ol style="list-style-type: none"><li>a. Contract Scope Statement should include:<ol style="list-style-type: none"><li>i. DIR Contract Manager</li><li>ii. Contract Number</li><li>iii. Contract Title</li><li>iv. Prime Vendor</li><li>v. Product/Services</li><li>vi. Administrative/ Cost Recovery Fee, if part of contract</li><li>vii. Description of Contract</li></ol></li></ol></li><li>2. Fill out Business Issues Memorandum (BIM) (Appendix 1)</li><li>3. Prepare Final Contract Package<ol style="list-style-type: none"><li>a. Assemble contract documents (see 3.20)</li><li>b. Contract Scope Statement (page 1 of Contract Documentation)</li><li>c. Disclosure Statement for Purchasing Personnel forms</li><li>d. Screen prints from Vendor Status check:<ol style="list-style-type: none"><li>i. Commodity Class Item Codes</li><li>ii. HUB Status (if applicable)</li><li>iii. CPA Tax Standing</li><li>iv. Excluded Parties List System (EPLS)/System for Award Management (SAM)</li><li>v. Terrorism List</li><li>vi. CPA Vendor Performance Program</li><li>vii. CPA Debarred List</li></ol></li></ol></li></ol>

	<p>4. Internal routing of Final Contract Package for approval to send to Vendor for signature</p> <ul style="list-style-type: none"> <li>a. Reviewers <ul style="list-style-type: none"> <li>i. Certified Texas Purchasing Manager/Certified Texas Contract Manager (CTPM/CTCM)</li> <li>ii. Manager of Enterprise Contracts Section</li> <li>iii. Program Division Director and other appropriate division staff</li> <li>iv. Director, Technology Sourcing Office if applicable.</li> <li>v. Office of General Counsel</li> </ul> </li> <li>b. Reviewer process <ul style="list-style-type: none"> <li>i. Review complete Final Contract Package <ul style="list-style-type: none"> <li>1. Review Business Issues Memorandum (BIM) (Appendix 1) (stapled to the front of blue folder) Review the Vendor Name, Contract Number, Contract Term, Funding Requirements, and Business Impact with supporting documentation in the folder for accuracy, punctuation, and verbiage. Ensure Contract is checked for accuracy. Review any Administrative Notes</li> <li>Right side of folder should contain: <ul style="list-style-type: none"> <li>2. The Contract – Ensure the document is the current version of the contract. Review the contract number, vendor name, notification information for accuracy and note any discrepancies. Ensure terms that are not related to the contract have been removed and Appendices are noted</li> <li>3. Appendix A – Ensure the current version is included in the folder</li> <li>4. HSP Sub-contracting Form</li> <li>5. Pricing Index (if applicable)-Ensure the pricing sheet reflects the discount amounts submitted in the vendor’s proposal.</li> <li>6. Appendices- Ensure all applicable appendices are in the contract folder and are accurately marked</li> </ul> </li> <li>Left side of folder should contain: <ul style="list-style-type: none"> <li>7. Contract scope (Appendix 29) – All fields on the Scope Statement should be completed. Ensure Contract Number, Contract Title, and Prime</li> </ul> </li> </ul> </li> </ul> </li> </ul>
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	<p>Vendor Name is correct. Ensure Actual Pricing Methodology is documented in detail. Ensure the projected sales reflect the amount as indicated by the vendor in the folder's documentation and the Cost Avoidance amount is the same as reflected on the Cost Avoidance Sheet. Ensure vendor contact information is accurately entered</p> <p>8. Cost avoidance (if applicable) –Ensure the Vendor Name, Contract Number, and cost avoidance formulas captured are the correct fields and is calculated correctly. There should be 2 copies of the cost avoidance in the folder, one that contains the % and one the shows the formulas. Contract Manager reviewing should initial and date the first page of the cost avoidance in the lower right hand corner as confirmation spreadsheet was reviewed and all elements were recorded and correct</p> <p>9. Supporting Documentation –If updates were made to Pricing Index (e.g. add/remove product or increase discounts) documentation requesting this update should be available in the folder</p> <p>10. Compliance Review</p> <ul style="list-style-type: none"> <li>i. Franchise Tax</li> <li>ii. CMBL</li> <li>iii. SAM</li> <li>iv. SDN US Treasury Specifically Designated Nationals</li> <li>v. CPA Debarred Vendor List</li> </ul> <p>11. Non-Disclosure (NDA) – Ensure the form is correct and accurate and has all necessary signatures</p> <ul style="list-style-type: none"> <li>ii. Provide necessary comments</li> <li>iii. Fill in applicable details on Review Business Issues Memorandum (BIM) (Appendix 1)</li> <li>iv. Route to next party listed</li> <li>v. If not acceptable, route back to Contract Manager for clarification or correction</li> </ul> <p>c. Approved Final Contract Package returned to Contract Manager</p>
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	<ol style="list-style-type: none"> <li>5. If Contract requires Board approval for execution, fill out Procurement Plan documentation (Appendix 42) and submit for next Board Meeting. See Procedure 3.60 for Board Approval process.</li> <li>6. Notify Vendor that Contract is ready for signature and coordinate signature by Vendor on both originals. Electronic transmission and signatures are acceptable.</li> <li>7. Preferred method is overnight or 2-day delivery method via commercial carrier if needed. <ol style="list-style-type: none"> <li>a. Create Transmittal Letter (Appendix 30)</li> <li>b. Make copy of Transmittal Letter if used and signed contract for Contract file</li> <li>c. Fill out commercial carrier delivery slip and make copy for tracking purposes</li> <li>d. Place in commercial carrier envelope and leave at front desk for carrier or place in carrier box on first floor of building</li> </ol> </li> <li>8. If Vendor is available locally, coordinate signature at DIR offices.</li> <li>9. Receive two (2) originals of Contract signed by Vendor. Note: Facsimile or scanned signatures may be used to expedite contract signing via email or similar methods.</li> <li>10. Review both Contract originals to ensure that they have been signed and dated by authorized Vendor representative.</li> <li>11. If required, ensure that Board approval has been obtained prior to forwarding contract for execution.</li> <li>12. Forward Final Contract Package to Office of General Counsel and Chief Operating Officer for final execution. <ol style="list-style-type: none"> <li>a. Use routing slip previously used in Step 4 above</li> <li>b. Include the Disclosure Statement for Purchasing Personnel form</li> </ol> </li> <li>13. Final Execution <ol style="list-style-type: none"> <li>a. Office of General Counsel and Chief Operating Officer initial and date routing slip in "Final" column</li> </ol> </li> </ol>
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	<ul style="list-style-type: none"> <li>b. Office of General Counsel initials both originals of the Contract</li> <li>c. Chief Operating Officer executes both originals of the Contract</li> <li>d. Route <i>Disclosure Statement for Purchasing Personnel</i> forms and original signed BIM to DIR Executive Director for signature</li> <li>e. Signed forms returned to Contract Manager for procurement file</li> </ul> <p>14. Executed Contracts returned to Contract Manager</p> <ul style="list-style-type: none"> <li>a. Review both Contract originals to make sure they both have Chief Operating Officer and Office of General Counsel signatures and date</li> </ul> <p>15. Send one fully executed original Contract to Vendor and file one signed original Contract in DIR file room</p> <p>16. Proceed to 3.40 Procurement Process Close-Out</p>
Date of Last Revision	02/2014

### Procedure 3.40 Procurement Process Close Out

Purpose	To ensure that all procurements are assessed, documented and closed out in a consistent manner
When to Use	When closing out any procurement process to determine if there are any lessons learned for future procurement efforts
Responsibility	Contract Manager
Procedure	<ol style="list-style-type: none"><li>1. Notify Purchasing that Contracts have been executed<ol style="list-style-type: none"><li>a. Request that award be posted on Electronic State Business Daily<ol style="list-style-type: none"><li>i. Awarded Vendor Name and address</li><li>ii. Contract Amount (if indefinite quantity, provide language from RFO)</li><li>iii. Items or brands or other description, contract term, contact information and contract number</li><li>iv. Full and Partial Award</li><li>v. HUB/Non-HUB Vendor</li></ol></li><li>b. Print screen print of award notice for Procurement File</li></ol></li><li>2. Review the procurement process and note any steps that went well or did not go well</li><li>3. Create Procurement Process Assessment – to be completed within thirty (30) days of solicitation close. (Appendix 34)</li><li>4. Items to look at (Consider holding a meeting with the Core procurement team):<ol style="list-style-type: none"><li>a. Type of questions regarding RFO, if the same questions were asked by multiple vendors perhaps the RFO was not clear enough</li><li>b. If vendor conference was held, did it add value</li><li>c. If vendor conference was not held, would it have helped</li><li>d. Review reasons for disqualifications</li><li>e. Review the number of responses received</li><li>f. If received less than 3 responses, query potential vendors to see why they did not participate</li></ol></li></ol>

	<ul style="list-style-type: none"> <li>g. Were there enough responses to ensure healthy competition</li> <li>h. Appropriateness of scope, too broad or too narrow</li> <li>i. Review negotiations process to see if RFO or sample contract was appropriate</li> <li>j. Evaluation criteria, determine if there could be improvements to the factors or weights</li> <li>k. Was the size and composition of the evaluation team appropriate</li> <li>l. Document anything else regarding the process that went well or could be improved upon, cite specific examples</li> <li>m. Provide possible remedies for future procurements</li> </ul> <p>Proceed to 3.50 Procurement File Assembly</p>
Date of Last Revision	



### Procedure 3.50 Procurement File Assembly

Purpose	To ensure that all documentation associated with a procurement has been collected and properly filed
When to Use	Anytime a procurement has been completed and a contract has been established.
Responsibility	Contract Manager
Procedure	<ol style="list-style-type: none"><li>1. Place the following items in the procurement file:<ol style="list-style-type: none"><li>a. Copy of RFO, all appendices, attachments, amendments, addenda, BAFO, including routing slips</li><li>b. Screen print of Electronic State Business Daily (ESBD) posting</li><li>c. Response Sign-In sheet (Appendix 21)</li><li>d. Thumb drive of each response submitted (including those that were disqualified for being non-responsive), and CD-ROM(s) if applicable</li><li>e. Combined evaluation score sheet, instructions, and back up documents (i.e. reference forms, terms and conditions scoring form) as applicable</li><li>f. Signed Non-Disclosure Statements (Appendix 20)</li><li>g. Screen print of Electronic State Business Daily (ESBD) Award Notice</li><li>h. Administrative Review PDF from Salesforce</li><li>i. Vendor conference Sign-in Sheet (Appendix 16), Agenda (Appendix 17), and Facilitation Notes (Appendix 18)</li><li>j. Review from Contract Advisory Team (CAT), if applicable</li><li>k. Declaration of Subcontracting Opportunities (Appendix 9), if applicable</li><li>l. New Product and/or Service Request Form (Appendix 2) or other Request document</li><li>m. Research Compilation Form (Appendix 4), if applicable</li><li>n. Contract Scope Statement (page 1 of Contract Information - Appendix 29)</li><li>o. Evaluation Criteria Memo (Appendix 11), if applicable</li><li>p. Recommendation for Negotiation memo and routing slip</li></ol></li></ol>

	<p>q. Listing of Vendors sent Invitation to Negotiate (ITN) letters, Not negotiating letters and disqualification letters.</p> <p>2. Forward Procurement File to Technology Sourcing Office Administrative Assistant for filing in accordance with Agency Records Retention Policy, Section 6, Setting Up Files</p> <p>3. Central Contract Files Contracts Administrative Assistant notifies Contract Manager upon completion of filing the procurement file</p> <p>Proceed to 4.10 Contract Set-up</p>
Date of Last Revision	09/2013

### Procedure 3.60 Contract Reporting to the DIR Board

Purpose	To ensure that DIR is obtaining approval for contracts and contract amendments over \$1 million and submitting the Procurement Plan to the DIR Board at Quarterly Board Meetings
When to Use	Monthly, when DIR is updating the Procurement Plan spreadsheet with Contracts, Amendments, Service Agreements, Statements of Work, etc. that require Board review and/or approval and for all contracts and contract amendments over \$1 million.
Responsibility	Contract Manager unless otherwise noted
Procedure	<ol style="list-style-type: none"><li>1. Monthly or as necessary, Enterprise Contract Manager downloads copy of the LBB Contracts report and updates Contract reporting document with new contracts, amendments, service agreements, and statements of work as applicable. (Contract Reporting Spreadsheet Appendix 42)<ol style="list-style-type: none"><li>a. Updated Contract reporting document is reviewed to identify any discrepancies or redundancy in contracts.</li><li>b. Contract manager will meet with program representatives to resolve discrepancies or redundancy in contracts that have been identified. If applicable, an action plan will be developed to document the steps to resolving issues.</li></ol></li><li>2. Enterprise Contracts sends email, once a month or as necessary, to DIR program representatives requesting updates to Contract reporting document. (Contract Reporting Spreadsheet Appendix 42)</li><li>3. Process for updating Contract Report for Contracts Over \$100K and less than \$1M.<ol style="list-style-type: none"><li>a. Program Representative or Enterprise Contract Manager will enter information on the Contract Report for any planned contracts and/or amendments that will occur. Updates to the Contract report include the following:<ol style="list-style-type: none"><li>i. Department</li></ol></li></ol></li></ol>

	<ul style="list-style-type: none"> <li>ii. Total Contract value</li> <li>iii. Current Fiscal Year Amount</li> <li>iv. Budgeted Amount</li> <li>v. Vendor</li> <li>vi. Description</li> <li>vii. DIR or Enterprise designation</li> <li>viii. Term</li> <li>ix. Targeted Award Date</li> </ul> <ul style="list-style-type: none"> <li>b. Enterprise Contracts sends updated Contract report to Purchasing and Finance to verify that no additional Purchase Orders were missed.</li> <li>c. Updated Contract Report for Contracts Over \$100K and less than \$1M will be included in the Board Meeting notebooks for review and comments.</li> </ul> <p>4. Process for adding Contracts and Amendments planned at \$1 Million or greater for Board approval.</p> <ul style="list-style-type: none"> <li>a. Program Representative or Enterprise Contract Manager will enter information on the Contract Report for any planned contracts and/or amendments over \$1M, which will require DIR Board approval. Updates to the Contract report include the following: <ul style="list-style-type: none"> <li>i. Department</li> <li>ii. Total Contract value</li> <li>iii. Current Fiscal Year Amount</li> <li>iv. Budgeted Amount</li> <li>v. Vendor</li> <li>vi. Description</li> <li>vii. DIR or Enterprise designation</li> <li>viii. Term</li> <li>ix. Targeted Award Date</li> </ul> </li> <li>b. Program Representative and Enterprise Contract Manager will fill out Board Summary template (Appendix 43) for Contract/Amendment with required information.</li> <li>c. Enterprise Contracts sends updated Contract report to Purchasing and Finance to verify that no additional Purchase Orders were missed.</li> </ul>
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	d. Updated Contract Report for Contracts Over \$1M and any needed Board Summaries will be included in the Board Meeting notebooks for review and comments.
Date of Last Revision	

### Procedure 3.70 Appropriate Use of Staff Augmentation Contractors and Outside Consultants

Purpose	To ensure that DIR is appropriately using outside consultants contracts, including staff augmentation
When to Use	Anytime an outside consultant contract or staff augmentation contractor will be utilized by DIR
Responsibility	Program Representative and Contract Manager unless otherwise noted
Procedure	<ol style="list-style-type: none"><li>1. During scope of work development, program representative will notify Enterprise Contracts of contract/amendment.</li><li>2. Enterprise Contracts will review scope of work and determine best method for procurement.</li><li>3. If staff augmentation contractor is considered the best value, step-by-step process is found in Appendix 44, ITSAC Work Order Procedures.</li><li>4. Factors to consider when determining best method procurement (staff augmentation and outside consultants):<ol style="list-style-type: none"><li>a. Does DIR have the internal resources with expertise to accomplish the tasks/scope proposed?</li><li>b. If yes, present findings to management along with recommendation to perform the scope of work in-house.</li><li>c. If no, provide justification for use of an outside consultant or staff augmentation contractor. Justification will provide information regarding why additional training or hiring an additional resource would not be applicable. Cost benefit review and analysis may be applicable.</li><li>d. In all cases, justification for usage shall be obtained from the Division Director of the program area and the Director of Technology Sourcing Office.</li><li>e. Justification for procurement method utilized shall be maintained with contract file.</li></ol></li></ol>

Date of Last Revision	
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## 4. Contract Oversight/Administration

Contract Oversight/Administration covers the process of managing a Contract. DIR follows the guidelines established in the State of Texas Contract Management Guide, Version 1.12, Chapter 7.

The goal of contract administration is to ensure the contract is satisfactorily performed and the responsibilities of both parties are properly discharged. Effective contract administration minimizes or eliminates problems and potential claims and disputes.

In order to properly plan for contract administration, the contract manager must ensure that he/she thoroughly understands all of the components of the solicitation and contract (Examples: expected outcome measures, costs, risks, contract performance, acceptance/rejection terms, contract dates, complete addresses.)

DIR has a team approach to Contract Management that includes the Contract Manager, Section Manager, Division Director, Office of General Counsel and Program Area.

The Tex-AN NG CTSAs are operationally managed by the Communications Technology Division of DIR that works with the DIR Finance Section and the respective Vendors on payments and billing. However, the CTSAs are contractually managed by the Enterprise Contract Management Section. The same is true of the Texas.gov and Data Center Contracts – the respective Program area is responsible for the operations under the contracts, but Enterprise Contract Management Section is responsible for contract management.

Issues resolutions including change management, dispute resolution, and termination are addressed in procedure 4.130 Issues Resolution. In addition to the Contract Manager, the Office of General Counsel has a significant amount of responsibilities in this area.

Contract Files are all kept in a secured centralized location. The Contract Manager has responsibilities for keeping the Contract files updated and maintained through-out the term of the Contract.

### Contract Administration File

Keeping one complete master contract administration file is critical. The file will provide a basis for settling claims and disputes should they arise in administrative or court actions. Due to the nature of the large Enterprise Contracts, the files may be maintained electronically.

### Transition Kickoff Conference

For most large contracts the transition phase is critical. Typically the contract will include a transition plan that specifies a schedule with deliverables. This transition will include some form of a post award conference or meeting. Contract Manager should schedule a post award conference/meeting with the awarded vendor that includes the principals responsible for administering the contract. The conference/meeting should be held soon after the contract is



awarded. This is an orientation for the awarded vendor to ensure a clear and mutual understanding of all contract terms and conditions, and the respective responsibilities of all parties. This meeting serves as an excellent tool to clarify and resolve any potential misunderstandings early on. Although both the awarded vendor and the agency personnel should be fully aware of the contract requirements, the post award conference ensures those involved directly in the contract administration process understand all requirements of contract performance.

Contract Manager should clearly communicate at the beginning of the conference that the purpose of the meeting is to explain or clarify contract requirements and not to make changes to the contract or re-negotiate the contract terms. The transition meeting is addressed in procedure 4.30 Transition Kickoff Conference.

### Contract Monitoring and Oversight

The level of risk associated with the elements listed below varies depending on the type of business relationship. For example, the nature and extent of contract monitoring will vary considerably between the contracts managed by the Enterprise Contracts Division because the Texas.gov contract is a “no reimbursement” to Vendor arrangement, while the CTSA's and the Data Center Contracts are “fee for service” type contracts.

The goal of contract administration is to ensure the contract is satisfactorily performed in accordance with the requirements and the responsibilities of both parties are properly discharged. Effective contract administration minimizes or eliminates problems and potential claims and disputes.

### Planning

Contract Manager needs to plan on how the contract will be monitored. Contract Manager will review the entire contract to determine the deliverables, contractor compliance requirements and any other terms that need to be monitored and will be tracked on the Contract Monitoring Spreadsheet.

### Monitoring Performance

The contract monitoring spreadsheet will identify how the performance of the contract will be monitored and serve to assist with determining the requirements for the Enterprise Contracts Contract Management System in Salesforce.

### Change Management

Throughout the term of the contract it may become necessary to make changes to the contract. These changes can be minor, administrative changes such as a change of address or they can be substantial changes that affect the price and delivery. There are basically two ways to change a contract. One is a formal bilateral amendment, in which all parties to the contract agree that a modification is necessary because the scope of work, the term of the contract, or some other

provision of the contract needs to be altered. The second is an administrative amendment in which an informal process to change the contract is used. This less formal process must be included and described in the contract.

#### Payment Approval, if applicable

The costs incurred or the rates charged by the Vendor should be in accordance with the contract. Invoices should be reviewed to ensure that the Vendor's billing coincides with the contract requirements.

#### Dispute Resolution

Dispute resolution is covered by statute under Texas Government Code, Chapter 2260 and it covers the contract claims against the state. The goal of any dispute resolution process is to resolve all problems before they escalate to the next level. To avoid escalation of problems to the next level and ensure the agency has not exacerbated potential problems, it is imperative that agency personnel respond promptly to all Vendor inquiries. Each contract should contain the details for working through disputes.

#### Termination

When a contract is terminated, the parties are relieved from further unperformed obligations in accordance with the agreed terms and conditions. A contract may be terminated under distinct processes: Termination for Convenience, Termination for Default and Termination for Non-appropriation to name a few.

#### Communications Plan

Contract Manager should work with the program area to develop a plan to manage and control internal and external communication. After identifying internal and external stakeholders (executive management, oversight entities, etc.), determine the type, content and frequency for reporting status.

The procedures necessary for Section 4, Contract Oversight/Administration, are contained in the following pages.

#### Procedure 4.10 Contract Set-Up

Purpose	To ensure that all new Contracts are set up in a consistent format and that all parties are notified of new Contract establishment
When to Use	Anytime a new Contract has been completed
Responsibility	Contract Manager
Procedure	<ol style="list-style-type: none"><li>1. Fill out Additional Contract Details from Contract Scope Information, if applicable (page 2 of Appendix 29). Business Issues Memorandum (Appendix 1) may be substituted for the Contract Scope Information.</li><li>2. Send Contract Information to TSO designee for inclusion in weekly ITSOURCING email announcement</li><li>3. Update electronic contract document signature page<ol style="list-style-type: none"><li>a. Insert “signature on file” in signature blocks</li><li>b. Insert date signed by both parties</li><li>c. Insert “signature on file” for Office of the General Counsel and date signed</li></ol></li><li>4. Contract Manager establishes contract file in Salesforce. Note: At the time of revising this guide, the Enterprise Contracts Management System is being updated in Salesforce. Specific instructions will be included when available. Contract Information:<ol style="list-style-type: none"><li>a. Contract Number</li><li>b. DIR Contract Manager Name</li><li>c. Contract Start Date</li><li>d. Contract Status</li><li>e. Last Report Date</li><li>f. Guaranteed Revenue</li><li>g. Product Type, select from dropdown menu</li><li>h. Product subtype, select from dropdown menu</li><li>i. Legal Vendor Name</li><li>j. DIR Contract Manager email address</li></ol></li></ol>

	<ul style="list-style-type: none"> <li>k. Contract End Date (date current term expires)</li> <li>l. Contract Termination Date (date contract expires assuming all extensions are executed)</li> <li>m. Extension Periods</li> <li>n. Comments</li> <li>o. Contract Category</li> <li>p. Contract Detail <ul style="list-style-type: none"> <li>i. Contract Type</li> <li>ii. Primary Admin Fee(i.e. 1%, 2%)</li> <li>iii. Secondary Admin Fee, if applicable</li> <li>iv. Cost Avoidance</li> <li>v. Contract Report Frequency</li> <li>vi. Contract Expiration Date</li> <li>vii. Validate by Manufacturer</li> <li>viii. Previous Contract Manager</li> <li>ix. Contract Subtype</li> <li>x. Admin Fee Description</li> <li>xi. Contract Report Start Date</li> <li>xii. Date Cost Avoidance Conducted</li> <li>xiii. Guaranteed Revenue Start Date</li> </ul> </li> <li>q. Address Information</li> <li>r. Reseller Information</li> <li>s. Subcontractor Information</li> <li>t. Brands</li> <li>u. Commodity Codes</li> <li>v. Product/Service type Contracts</li> <li>w. HUB Subcontracting Plans (HSP) <ul style="list-style-type: none"> <li>i. Upload HSP into Salesforce. The effective date of the HSP and the start date of the contract must match</li> <li>ii. If HSP indicates Vendor is Self-Performing, select the “Self Performing” check box</li> <li>iii. Enter Resellers/Order Fulfillers listed in the HSP under “Resellers” section of Salesforce</li> <li>iv. Enter Subcontractors listed in the HSP under “Subcontractors” section of Salesforce</li> </ul> </li> </ul> <p>5. Work with program area to create/update webpage. The webpage may include the following type of information:</p> <ul style="list-style-type: none"> <li>a. Vendor Name</li> <li>b. Contract number</li> <li>c. DIR Contract Manager Name</li> <li>d. Contract and all exhibits/attachments (do not include any documents marked confidential and/or proprietary)</li> <li>e. Scope of Contract description</li> </ul>
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	<ul style="list-style-type: none"> <li>f. Update Contract Information when receive updated information from Vendor</li> </ul> <ul style="list-style-type: none"> <li>6. Send email notice to Webservices to populate certain attributes of contract information on DIR website: <ul style="list-style-type: none"> <li>a. Email Subject Line: New Contract with ABC Company DIR-TSO-XXX</li> <li>b. Request the following information be added to the DIR website and attach documents to the email: <ul style="list-style-type: none"> <li>i. Contract document with expiration date</li> <li>ii. Appendix A, Terms and Conditions</li> <li>iii. HUB Plan</li> <li>iv. Pricing Index</li> <li>v. Other applicable appendices for Vendor license/service agreements, etc.</li> </ul> </li> </ul> </li> <li>7. Send email notice to Vendor of contract execution identifying requirements that have time constraints. <ul style="list-style-type: none"> <li>a. Specific New Contract Requirements: <ul style="list-style-type: none"> <li>i. Insurance certificate</li> <li>ii. Website</li> <li>iii. First Sales Report</li> <li>iv. Reseller information (if available)</li> <li>v. Press Release Approval</li> <li>vi. Other relevant information</li> </ul> </li> </ul> </li> <li>8. Create Contract Folder Checklist (Appendix 33) and check off items while proceeding through Step 9</li> <li>9. Create Contract folder in accordance with Contract Folder Guide (Appendix 32). Use blue tab separated folder. <ul style="list-style-type: none"> <li>a. Original Contract</li> <li>b. BIM</li> <li>c. Contract Scope Statement (page 1 of Contract Information Document)</li> <li>d. Posting Document</li> <li>e. Contract Advisory Team review</li> <li>f. Screen Print from Electronic State Business Daily (ESBD) Award Notice (once procurement is closed)</li> <li>g. Screen Print from Electronic State Business Daily (ESBD) Posting</li> <li>h. Cost Avoidance supporting documentation (if applicable)</li> <li>i. Cost Avoidance Schedule</li> </ul> </li> </ul>
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	<ul style="list-style-type: none"> <li>j. Correspondence</li> <li>k. Copy of RFO</li> <li>l. Copy of vendor's response to RFO</li> </ul> <ol style="list-style-type: none"> <li>10. Screen prints from Vendor Status check: <ul style="list-style-type: none"> <li>a. Commodity Class Item Codes HUB Status (if applicable)</li> <li>b. CPA Tax Standing</li> <li>c. Excluded Parties List System (EPLS)/System for Award Management (SAM)</li> <li>d. Terrorism List</li> <li>e. CPA Vendor Performance Program</li> <li>f. CPA Debarred List</li> </ul> </li> <li>11. Disclosure Statement for Purchasing Personnel</li> <li>12. Contract Folder Checklist</li> <li>13. Route Contract folder to Technology Sourcing Office Administrative Assistant for filing</li> <li>14. Proceed to 4.13 Administrative Review</li> </ol>
Date of Last Revision	10/2014

#### Procedure 4.10.1 Administrative Review

Purpose	To ensure that the new contract information entered into Salesforce is accurate and complete
When to Use	Whenever a new contract is signed
Responsibility	Contract Manager
Procedure	<ol style="list-style-type: none"><li>1. Prior to the Vendor Orientation Meeting, the Contract Manager will review the new contract information in Salesforce against the contract documents to ensure that the information is accurate and complete. Contract Manager will correct or complete information as needed</li><li>2. Document with a note in Salesforce that review has been completed<ol style="list-style-type: none"><li>a. Click on Notes and Attachments – New Note</li><li>b. Title Note: New Contract Administrative Review</li><li>c. Note in body: Contract Administrative Review completed by <i>insert your name</i></li><li>d. Note in body: Enter date the review was completed</li><li>e. Save Note by pressing save button</li></ol></li></ol>
Date of Last Revision	

#### Procedure 4.10.2 Data Warehouse Setup

Purpose	To ensure that the Sales Reporting Information in the Business Objects Data Warehouse is updated with the most current contract-related information
When to Use	Whenever a new contract is signed or information regarding an existing contract is changed
Responsibility	Sourcing Analytics Team unless otherwise noted
Procedure	<ol style="list-style-type: none"><li>1. New and/or revised Contract Information from Salesforce Database is uploaded to Business Objects Data Warehouse database on nightly basis</li><li>2. Initial information loaded into Data Warehouse includes:<ol style="list-style-type: none"><li>a. Vendor Name</li><li>b. Reporting frequency</li><li>c. Report Start Date</li><li>d. Manufacturers/Publishers</li><li>e. Resellers/Subcontractors</li><li>f. DIR Contract Manager</li></ol></li></ol>
Date of Last Revision	



#### Procedure 4.20 Contract Administration File

Purpose	To ensure that all documentation associated with the contract has been collected and properly filed
When to Use	Any time the contract has any additional documents.
Responsibility	Contract Manager
Procedure	<ol style="list-style-type: none"><li>1. Place the following items in the contract file which includes but is not limited to the following:<ol style="list-style-type: none"><li>a. Copy of current contract and all modifications</li><li>b. Copy of all specifications, drawings or manuals incorporated into the contract by reference</li><li>c. Copy of RFO and the vendors RFO proposal</li><li>d. General Correspondence</li><li>e. Copy of all routine reports required by contract or a statement where they reside electronically</li><li>f. Corrective Action Plan(s)</li></ol></li></ol>
Date of Last Revision	

**Procedure 4.30 Transition Kickoff Conference/Meeting/Transition Plan (e.g onboarding review of contract terms and conditions)**

Purpose	To establish timeline for and topics to be addressed during Post Award Conference with Vendor
When to Use	Upon establishment of a new Contract
Responsibility	Contract Manager
Procedure	<ol style="list-style-type: none"> <li>1. Schedule Post Award Vendor Conference with vendor <ol style="list-style-type: none"> <li>a. Face-to-face</li> <li>b. Via phone</li> </ol> </li> <li>2. Invite other internal staff, if applicable <ol style="list-style-type: none"> <li>a. Enterprise Contract Management Section Manager</li> <li>b. Other Contract Managers</li> <li>c. Program staff</li> </ol> </li> <li>3. Complete Vendor Orientation Meeting Agenda (Appendix 35) and email to Vendor along with the electronic file of the Sales Report Template and Instructions, if applicable</li> <li>4. Conduct meeting <ol style="list-style-type: none"> <li>a. Review contract transition terms and conditions <ol style="list-style-type: none"> <li>i. Point out any items that must be done within the number days of contract execution as specified in the contract including but not limited to the following: <ol style="list-style-type: none"> <li>1. Web site, if applicable</li> <li>2. Management Plans</li> <li>3. Certificate of Insurance</li> <li>4. Reports</li> </ol> </li> </ol> </li> <li>b. Review sales reporting procedures and template</li> <li>c. Review Cost Recovery/Administrative Fee payment procedures</li> <li>d. Review HUB reporting requirements</li> </ol> </li> <li>5. Answer any questions vendor may have</li> <li>6. Summarize meeting and place notes on t: drive and Contract folder</li> </ol>

	Proceed to 4.40 On-Going Contract Monitoring
Date of Last Revision	

#### Procedure 4.40 On-Going Contract Monitoring

Purpose	To ensure ongoing vendor compliance with contract and proactively address any issues promptly
When to Use	Frequency depends upon volatility of the product/service, contract terms, performance of vendor, etc.
Responsibility	Contract Manager, unless otherwise noted
Procedure	<ol style="list-style-type: none"><li>1. Set up a Contract Monitoring Spreadsheet (Appendix 36) or if the business line has been set up in Enterprise Contract Management System (Salesforce), then set up contract monitoring in the Salesforce System</li><li>2. Deliverables, Management Plans<ol style="list-style-type: none"><li>a. Review each deliverable and/or management plan to ensure the content refresh is as per contract requirements</li></ol></li><li>3. Deliverables, Reporting<ol style="list-style-type: none"><li>a. Review each report(s) to ensure the content is submitted by specified due date and with all content as required per contract.</li></ol></li><li>4. Confidential Document Handling Procedures – (Appendix 41)</li><li>5. Non-Disclosures (NDAs) / Disclosures – process for obtaining these documents</li><li>6. Deliverable Escalation Process – process documented (See TEX-AN NG Deliverables Escalation Process, TEX-AN NG Contract Management Procedures Addendum)</li><li>7. Signature Authority – owner indicated in Salesforce or document that indicates who is authorized to sign or approve contract documents (e.g. plans and/or reports may not require signature approval by Executive Approval Authority)</li><li>8. Deliverable Acceptance Process –identify deliverable acceptance document requirements</li></ol>

	<p>9. Corrective Action Plan – identify process, if not already stated in contract</p> <p>10. Governance– identify process, if not already stated in contract</p> <p>11. Operations Process– process documented</p> <p>12. HUB/Compliance Reporting</p> <ul style="list-style-type: none"> <li>a. If Vendor is subcontracting, ensure Vendor is sending reports to HUB coordinator in accordance with the HUB Policies and Procedures Manual Section 3.6</li> <li>b. If Vendor is naming resellers, ensure HUB Plan is updated and consistent with named resellers in accordance with the HUB Policies and Procedures Manual Section 3.5</li> </ul> <p>13. Related industry research pursuant to 1.30 Research Tools</p> <ul style="list-style-type: none"> <li>a. Discover changes to company <ul style="list-style-type: none"> <li>i. Mergers</li> <li>ii. Bankruptcies</li> <li>iii. Legal Proceedings</li> </ul> </li> <li>b. New contracts with other states</li> </ul> <p>14. Periodically, but not less than annually, perform status check of Vendor</p> <ul style="list-style-type: none"> <li>a. CPA Tax standing <ul style="list-style-type: none"> <li>i. Check <a href="http://www.window.state.tx.us/procurement//cmb/cmbhub.html">http://www.window.state.tx.us/procurement//cmb/cmbhub.html</a> link to Comptroller of Public Accounts</li> <li>ii. Verify that CPA records show that no delinquent taxes are owed</li> </ul> </li> <li>b. Commodity Class Item Codes <ul style="list-style-type: none"> <li>i. Check <a href="http://cmbreg.cpa.state.tx.us/commodity_book/Numeric_index.cfm">http://cmbreg.cpa.state.tx.us/commodity_book/Numeric_index.cfm</a></li> </ul> </li> <li>c. HUB Status <ul style="list-style-type: none"> <li>i. Check <a href="http://www.window.state.tx.us/procurement//cmb/cmbhub.html">http://www.window.state.tx.us/procurement//cmb/cmbhub.html</a></li> <li>ii. Confirm status and type, if applicable</li> </ul> </li> <li>d. <i>Excluded Parties List System (EPLS)</i> maintained by the General Services Administration</li> </ul>
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	<ul style="list-style-type: none"> <li>i. Check System for Award Management (SAM) <a href="https://www.sam.gov/portal/public/SAM">https://www.sam.gov/portal/public/SAM</a></li> <li>ii. Verify that vendor is not suspended or debarred from doing business with the federal government</li> <li>e. Terrorism List published by the United States Department of the Treasury, Office of Foreign Assets Control <ul style="list-style-type: none"> <li>i. Verify that Vendor is not listed as a terrorist or terrorist organization <a href="http://www.treasury.gov/resource-center/sanctions/SDN-List/Pages/default.aspx">http://www.treasury.gov/resource-center/sanctions/SDN-List/Pages/default.aspx</a></li> </ul> </li> <li>f. CPA Vendor Performance Program <ul style="list-style-type: none"> <li>i. Check <a href="http://www.window.state.tx.us/procurement//cmbl/cmbhub.html">http://www.window.state.tx.us/procurement//cmbl/</a> cmbhub.html to ensure that Vendor has not been debarred by CPA</li> </ul> </li> </ul> <p>15. Vendor's Web site monitoring</p> <ul style="list-style-type: none"> <li>a. Review pricing posted on Vendor's Web site (if applicable) to ensure pricing is consistent as stated in contract</li> <li>b. Review posted Contact information to be sure it is current</li> <li>c. Ensure that Vendor has provided a link to DIR's website</li> <li>d. Ensure that Vendor's Web site reflects contract offerings only (may link to their home page)</li> <li>e. Ensure that DIR logo is being used in a manner consistent with Contractual requirements</li> </ul> <p>16. Marketing Plan (if applicable)</p> <ul style="list-style-type: none"> <li>a. If Vendor has low/no sales, Contract Manager may request and review Vendor's annual plan with Vendor to ensure it will support the contract and that Vendor is performing according to plan</li> </ul> <p>17. Monthly Sales Report Review</p> <ul style="list-style-type: none"> <li>a. Sourcing analytics receives monthly sales reports and reviews for ineligible purchases, customers and order dates. After the 15<sup>th</sup> of the month, review daily "Late Vendor Sales Reports" automatically generated</li> <li>b. Sourcing Analytics notifies Contract Managers of late reports and ineligible sales <ul style="list-style-type: none"> <li>i. If late, send vendor e-mail from Salesforce System</li> <li>ii. If still late three days later, send another e-mail notification from Salesforce</li> </ul> </li> </ul>
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	<ul style="list-style-type: none"> <li>iii. For ineligible sales, notify the vendor by email through Salesforce that sales are ineligible</li> <li>b. If late three times during the first twelve months or during any rolling twelve month period thereafter, during annual review for renewal, consider adding "Late Sales Report" clause in next amendment</li> <li>c. If "Late Sales Report" clause in place, vendor and contract will be noted on "Late Vendor Sales Reports" <ul style="list-style-type: none"> <li>i. If late with late clause in place notice sent via e-mail from Salesforce reminding them of clause and compliance with terms</li> <li>ii. Once report is received, a follow-up e-mail with total amount owed will be sent out via e-mail from Salesforce</li> </ul> </li> </ul> <p>18. At time of renewal or extension, update Cost Avoidance, if applicable, in accordance with contract Cost Avoidance Schedule, see procedure 4.120 Cost Avoidance</p> <p>19. Update Administrative Fee as directed by Executive Management</p> <ul style="list-style-type: none"> <li>a. If decreasing Administrative fee: <ul style="list-style-type: none"> <li>i. Negotiate savings being passed on to customer</li> <li>ii. If vendor cannot lower admin fee rate attempt to negotiate other value service such as additional maintenance years, training etc.</li> <li>iii. If vendor cannot pass on savings to the customer or provide any additional value added offering, administrative fee shall not be reduced</li> <li>iv. Send email to Finance to verify that Administrative Fee needs to be decreased</li> </ul> </li> <li>b. If increasing Administrative fee: <ul style="list-style-type: none"> <li>i. Attempt to negotiate administrative fee increase to be absorbed by the vendor</li> <li>ii. If the vendor cannot absorb the administrative fee increase, the fee increase will be passed onto the customer as long as the cost avoidance analysis is still competitive with the market</li> <li>iii. Send email to Finance to verify that Administrative Fee needs to be increased</li> </ul> </li> <li>c. Update Administrative Fee in Salesforce as soon as possible, but at a minimum within 30 days. Ensure that Administrative Fee in Salesforce is consistent with contract documents</li> </ul>
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	<p>Periodically, verify that pricing reported on monthly sales reports is consistent with contracted discount</p> <p>20. If new products are added and contract file does not include VPAT questionnaire, request vendor to complete one and submit for review by DIR accessibility coordinator for compliance</p> <p>21. Documented results of monitoring deliverables will be included in the Enterprise Contracts Management System.</p> <p>22. In the event that vendor is not in compliance with contract requirements or any contract terms and conditions proceed to 4.130 Issues Resolution.</p> <p>23. Contract Manager may recommend contract be terminated for convenience or not renewed (optional renewal), for example: low or no sales</p> <ol style="list-style-type: none"> <li>a. Prepare documentation to support recommendation for termination for convenience/non-renewal</li> <li>b. Contact vendor by phone to notify of termination and confirm no pending sales</li> <li>c. If vendor indicates there are sales in process, request customer contact information and verify sales</li> <li>d. Draft email and route to Enterprise Contract Management Manager for approval</li> <li>e. Upon approval by Contract and Vendor Management Manager, send email to vendor and route letter for approval</li> <li>f. Routing of Termination for Convenience Recommendation <ol style="list-style-type: none"> <li>i. Reviewer process <ol style="list-style-type: none"> <li>1. Review complete Final Contract Package</li> <li>2. Provide necessary comments</li> <li>3. Fill in applicable details on BIM</li> <li>4. Route to next party listed</li> <li>5. If not acceptable, route back to Contract Manager for clarification or correction</li> <li>6. If acceptable, proceed to 4.150 Contract Termination</li> </ol> </li> </ol> </li> </ol>
Date of Last Revision	07/2013



#### Procedure 4.40.1 Monthly Administrative Fee Reconciliation

Purpose	To ensure that Administrative Fees due from vendors are received and processed promptly
When to Use	Monthly for the previous months' activities
Responsibility	Vendor Compliance Analyst, Contract Manager, Accounting
Procedure	<ol style="list-style-type: none"><li>1. Each Monday following the 15<sup>th</sup> of the month, Sourcing Analytics will pull uploaded administrative fee data from the data warehouse for the monthly sales being reported. <b>(Note: Depending on how this report is run, it may be determined to run it at different intervals such as daily, monthly or some other combination – but never later than 3 days after month-end sales closing)</b><ol style="list-style-type: none"><li>a. Validation that all ineligible sales have been expunged and the administrative fees reported is representative of the following:<ol style="list-style-type: none"><li>i. Ineligible products sales removed</li><li>ii. Ineligible customers sales removed</li><li>iii. Fees on report are accurate based on removed ineligible sales and correct administrative fee percentage</li><li>iv. Sourcing Analytics Lead sign-off on report</li></ol></li><li>b. Approved report is turned over to Vendor Compliance Analyst for input into CAPPS</li></ol></li><li>2. Vendor Compliance Analyst inputs administrative fees from approved report into the Contracts Module of CAPPS<ol style="list-style-type: none"><li>a. Create billings in contracts module</li></ol></li><li>3. Vendor Compliance Analyst will run report of pending contract billings for quality assurance review</li><li>4. Quality Assurance (QA) process<ol style="list-style-type: none"><li>a. Vendor Compliance Analyst will review the Administrative Fee report generated by Sourcing Analytics and the Report of Contract Billings from CAPPS entry</li><li>b. Any discrepancies are corrected and updates are made as necessary</li><li>c. Vendor Compliance Analyst approves review process with Accounting and Contract Manager</li></ol></li></ol>

	<ul style="list-style-type: none"> <li>d. Contract and Vendor Management Manager and Enterprise Contracts Manager sign off on process</li> <li>5. Accounting matches receivables to billings in CAPPS at the contract level</li> <li>6. Accounting produces an aging report and continues to collect administrative fees. Aging report is provided to Vendor Compliance Analyst for review of A/R activity <ul style="list-style-type: none"> <li>a. If aging report reveals aging issue (60-days past due administrative fee) then Vendor Compliance Analyst should submit vendor name, contract number, and fees due to Contract Manager for collection and contract management/administration action <ul style="list-style-type: none"> <li>i. Contract management action pursuant to contract management procedures</li> </ul> </li> </ul> </li> </ul>
Date of Last Revision	

#### Procedure 4.40.2 Late Fee Reconciliation and Vendor Payment Reporting Compliance

Purpose	To ensure that late fees for contract non-compliance are tracked and collected in a timely manner and that the vendor is submitting compliant payment information
When to Use	Monthly for the current months' sales report and administrative fee payment activities being administered, and for previous months' late fees
Responsibility	Vendor Compliance Analyst, Accounting, Contract Manager
Procedure	<ol style="list-style-type: none"><li>1. A report is available in SalesForce to identify vendors that have late fee language incorporated into their contracts. A monthly vendor sales report is generated by Sourcing Analytics which tallies the late fee amounts owed by the vendor for late submissions of vendor sales reports. Parallel to this report, SalesForce sends a reminder e-mail to each of these vendors, too. Once report is received by Sourcing Analytics, the following occurs:<ol style="list-style-type: none"><li>a. Sourcing Analytics report stops calculating late fee amounts.<ol style="list-style-type: none"><li>i. Vendor falls into the 'Received' section of the report</li></ol></li><li>b. Email to vendor is generated by Contract Manager to vendor detailing the amount of late fees owed for that particular month. Copy to Vendor Compliance Analyst</li><li>c. DIR Management will make final decision on whether or not late fees will be assessed and collected from vendor. Possible exception to assessment of a late fee on vendor would be if the vendor has \$0 eligible sales for the term of the contract. If late fee will not be assessed due to exception, a termination/expiration letter will be routed and processed</li><li>d. Contract Manager will post vendor performance tracking on CPA website</li></ol></li><li>2. If late fee is assessed:<ol style="list-style-type: none"><li>a. Vendor Compliance Analyst inputs previous month's late fees into the Contracts Module of CAPPS at the same time the current monthly administrative fees are entered</li><li>b. Late fees will be entered as a separate cost accounting code different from the administrative fees</li></ol></li></ol>

	<ul style="list-style-type: none"> <li>c. Vendor Compliance Analyst will run report of pending contract billings for quality assurance review</li> </ul> <ol style="list-style-type: none"> <li>3. Quality Assurance (QA) process           <ul style="list-style-type: none"> <li>a. Vendor Compliance Analyst will review the Administrative Fee report generated by Sourcing Analytics inclusive of the late fees generated and the Report of Contract Billings from Accounting</li> <li>b. Any discrepancies are corrected and updates are made as necessary</li> <li>c. Vendor Compliance Analyst compiles report overview and submits to Contract and Enterprise Management Manager for approval</li> <li>d. Contract and Enterprise Management Manager approves</li> </ul> </li> <li>4. Accounting receives payments and payment information from vendors and verifies the following information is submitted:           <ul style="list-style-type: none"> <li>a. Contract(s) number</li> <li>b. Breakout of administrative fee, by contract</li> <li>c. Reporting period administrative fee covers, by contract</li> <li>d. Breakout of late fee payment by contract, and period for which late fees are being paid</li> </ul> </li> <li>5. If the aforementioned information is not submitted, Accounting will notify Vendor Compliance Analyst           <ul style="list-style-type: none"> <li>a. Noncompliance occurrence 1-3 times, Vendor Compliance Analyst e-mails vendor to inform with a copy to the Contract Manager</li> <li>b. Noncompliance occurrence &gt;3 times within a 12-month period, Contract Manager implements corrective action plan pursuant to contract management procedures and should consider termination for cause for noncompliance</li> </ul> </li> <li>6. Accounting matches receivables to billings in CAPPS at the contract level           <ul style="list-style-type: none"> <li>a. After matching receivables to billings, Accounting will identify which vendors have not paid fees and will notify them of issue               <ul style="list-style-type: none"> <li>i. Notify via phone call or e-mail. If e-mail, the Vendor Compliance Analyst is copied. If phone call, document in CAPPS</li> </ul> </li> </ul> </li> </ol>
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	<p>7. Accounting produces an aging report and continues to collect administrative fees</p> <p>a. If aging report reveals a vendor compliance issue (30-days past due administrative fee) then Accounting should submit vendor name and contract number to Vendor Compliance Analyst for review and contract management/administration action</p> <p>i. Contract management action pursuant to contract management procedures</p>
Date of Last Revision	

### Procedure 4.40.3 Sales Report Review for DBITS

Purpose	To ensure total DBITS sales reported by a Vendor do not exceed \$10 million threshold, including all extensions, renewals and change orders for a customer
When to Use	Monthly after the current months' sales report close out activities have been administered
Responsibility	Contract Manager, with Sourcing Analytics
Procedure	<ol style="list-style-type: none"><li>1. Contract Manager obtains Deliverables Based IT Services (DBITS) Contract Sales Report with the following data elements:<ol style="list-style-type: none"><li>a. Vendor Name</li><li>b. Fiscal Year</li><li>c. Customer name</li><li>d. Purchase order number</li><li>e. Contract number</li><li>f. Eligible sales</li></ol></li><li>2. Contract Manager will analyze and identify whether or not any sales have been reported that are near or exceed the \$10 million threshold.</li><li>3. If any single order or multiple orders with the same purchase order is identified that is equal to or greater than the \$10 million threshold, the Contract Manager shall refer to and apply the following procedures, as applicable:<ol style="list-style-type: none"><li>a. Section 4.130 Issues Resolution</li><li>b. Section 4.140 Remedies for Non Compliance</li><li>c. Section 4.150 Contract Termination</li></ol></li><li>4. If Vendor fails to report sales correctly, this issue will be considered a contract incident and follow procedures in accordance with Section 4.170 Vendor Performance Tracking.</li></ol>
Date of Last Revision	



#### Procedure 4.40.4 General Sales Report Requests

Purpose	To ensure that ad hoc reports and open records requests are generated from the Data Warehouse in a timely and correct manner
When to Use	Whenever reports are requested
Responsibility	Sourcing Analytics Team
Procedure	<ol style="list-style-type: none"><li>1. Requestor sends email to Sourcing Analytics Team staff with request for report</li><li>2. Sourcing Analytics Team assigns the request to staff member to generate the report<ol style="list-style-type: none"><li>a. If clarification needed, Sourcing Analytics Team contacts the Requestor for more details</li></ol></li><li>3. Sourcing Analytics Team completes the request and sends an email to Requestor describing the report title and file name location in the Data Warehouse</li></ol>
Date of Last Revision	



#### Procedure 4.40.5 Performance Measures

Purpose	To ensure that Performance Measures are reported correctly to the Legislative Budget Board
When to Use	Anytime the quarterly or annual Performance Measures are reported
Responsibility	Financial Services
Procedure	<ol style="list-style-type: none"><li>1. Sourcing Analytics Team creates Performance Measures report from the Data Warehouse in accordance with LBB requirements</li><li>2. Sourcing Analytics Teams forwards Performance Measures report to the Contract and Enterprise Management Manager and Division Director for review</li><li>3. Sourcing Analytics Team forwards approved report to Financial Services</li></ol>
Date of Last Revision	

#### Procedure 4.40.6 Vendor Sales Compliance Audit

Purpose	To ensure that Vendor sales reporting and invoicing are monitored in a consistent manner
When to Use	As determined by anyone in the chain of command and on a case by case basis
Responsibility	Division Director, Enterprise Contract Management Manager, Sourcing Analytics Team, Contract Managers
Procedure	<ol style="list-style-type: none"><li>1. Contract Managers and the Division Director meet to determine strategy for compliance check<ol style="list-style-type: none"><li>a. Select Vendors to be included in the compliance check</li><li>b. Determine date range of transactions to be included in the compliance check</li></ol></li><li>2. Contract Managers extract list of transactions for each Vendor for compliance check date range from Data Warehouse<ol style="list-style-type: none"><li>a. Invoice date</li><li>b. Extended Cost</li><li>c. Sort by Extended Cost</li></ol></li><li>3. Contract Manager, with support of Sourcing Analytics Team extracts invoice data from Data Warehouse<ol style="list-style-type: none"><li>a. Create a New Query in Business Objects pulling data from the following fields: Customer Name, Invoice Date, Invoice Number, Extended Price, Vendor, Reporting Month</li></ol></li><li>4. Contract Manager reviews invoice data<ol style="list-style-type: none"><li>i. Customer Name</li><li>ii. Invoice Date</li><li>iii. Invoice Number</li><li>iv. Extended Price</li></ol></li><li>5. Contract Manager requests invoices from the Vendor<ol style="list-style-type: none"><li>a. A due date is given to the vendor for providing the information to DIR</li><li>b. If the Vendor has not provided the requested invoices within 2 business days of the due date, Contract Manager will follow up with the Vendor Contract Manager</li></ol></li><li>6. Contract Manager receives invoices from Vendor</li></ol>

7. Contract Manager reviews and verifies invoices from Vendor
  - a. Manually check off each invoice number to indicate that all criteria that was reported matches what was on the actual invoice that was received from the vendor
  - b. Note if any invoice numbers are missing, duplicate, and/or if there are any comments, e.g., the invoice number is not readable on the invoice
  - c. Check to see that the extended price matches what was reported
  - d. Check for any tax, freight, and/or incorrectly applied discounts
  - e. Check Line items on the invoices to ensure the vendor is not selling products outside of what is covered under their contract.
  - f. Any invoice discrepancies are recorded on the invoice spreadsheet
8. Report compilation about the error rate is presented to Enterprise Contract Management Manager
  - a. If there are a significant amount of errors when checking the invoices, the sample may need to be expanded to further validate if there is a problem, and/or if the errors were an exception
9. Contract Manager prepares a report of preliminary findings and recommendation(s) as appropriate for resolution with the Vendor
  - a. Contract Manager may determine that a more in depth review is required of Vendor invoices if the error rate is considered high.
  - b. If it is found that the Customer was incorrectly charged tax and/or shipping, Vendor will be required to give the Customer a credit
  - c. Contract Manager prepares a preliminary report of findings as follows:
    - i. CONCLUSION – This section should include a short paragraph with the overall results of the survey
    - ii. TIMELINE – This section contains the timeline to show the progression of the compliance check as it progressed from beginning to end. Ex: 8/28/04: Contract manager and Sourcing Analytics team met to go over review plan. One hundred seventy lines items from invoices will be checked
    - iii. INVOICES REQUESTED - This section contains the results of the Excel spreadsheet with 4 columns: Customer Name – Invoice Date – Invoice Number – Extended Price
    - iv. INVOICES REVIEWED - This section contains copies of the vendor invoices sorted in ascending order by invoice number
10. Contract Manager schedules meeting with Vendor to discuss preliminary report of findings
  - a. Contract Manager sets and tracks the due date for the Vendor response

	<ul style="list-style-type: none"> <li>i. If the Vendor does not respond to the preliminary report by the due date, the DIR Contract Manager will follow up with the Vendor's Contract Manager</li> <li>ii. If there is still no response within two business days, the Contract Manager will indicate in the Vendor file there was no response, and documents the final compliance report</li> <li>b. If necessary, the Contract Manager will work with the Vendor to develop a corrective action plan for compliance findings</li> </ul> <p>11. Contract Manager prepares the final report with any appropriate recommendations</p> <ul style="list-style-type: none"> <li>a. Brief summary of the method and the compliance activities, as well as specific details regarding the number of customers, invoices reviewed, error rate, and examples</li> <li>b. Include any trends and/or areas of concern</li> </ul> <p>12. Contract Manager routes final report to Enterprise Contract Management Manager for approval</p> <p>13. A copy of the final report is provided to the Vendor and filed in the Contract folder</p>
Date of Last Revision	

#### Procedure 4.40.7 Customer Satisfaction Survey

Purpose	To ensure that feedback is obtained in a consistent manner from Customers who have purchased products or services through DIR contracts
When to Use	May be conducted concurrently with 4.140 Vendor Sales Compliance Audit or as determined by the Division Director
Responsibility	Contract Manager
Procedure	<ol style="list-style-type: none"><li>1. Enterprise Contract Management Manager and the Division Director determine survey parameters<ol style="list-style-type: none"><li>a. Vendors that will be subject of survey</li><li>b. Customers who have purchased products/and or services from Vendors that will be subject of survey</li><li>c. Start/end date of survey</li></ol></li><li>2. Sourcing Analytics Team prepares the Customer Survey and Rating Form (Appendix 52) with the assistance of Contract Managers</li></ol>
Date of Last Revision	

#### Procedure 4.40.8 Ineligible Customer Review

Purpose	To ensure that Vendors are refunded/credited administrative fees for reported sales to ineligible entities
When to Use	As needed (as determined by ineligible sales)
Responsibility	Sourcing Analytics Team, Financial Services and Contract Managers
Procedure	<ol style="list-style-type: none"><li>1. Sourcing Analytics Team staff runs Ineligibility Report</li><li>2. Sourcing Analytics Team sorts the report by Vendor and Contract Manager responsible for the associated contract</li><li>3. Sourcing Analytics Team forwards the report to Contract Managers and Contract and Vendor Management Manager</li><li>4. Contract Manager creates Ineligible Sales Letter (Appendix 49) or email and attaches list of ineligible entities to which Vendor has sold products and/or services under the contract<ol style="list-style-type: none"><li>a. Contract Manager signs letter</li></ol></li><li>5. Contract Manager makes copy of letter or email for Contract file</li><li>6. Sourcing Analytics reviews eligible and ineligible purchases on a monthly basis</li><li>7. Sourcing Analytics works with Financial Services to reconcile monthly purchases</li><li>8. Financial Services department processes refund/credit request and mails/e-mails letter to Vendor</li></ol>

Date of Last Revision	
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#### Procedure 4.50 Administrative Change Management

Purpose	To establish a procedure for making administrative changes to a contract
When to Use	<p>When changes that do not require a formal contract amendment occur. Examples of administrative changes: not requiring formal contract amendment are:</p> <ol style="list-style-type: none"> <li>1. Changes as permitted by the specific contract language (See TEX-ANG Contract Management Procedures Addendum)</li> <li>2. Management Plans</li> <li>3. Reporting templates</li> <li>4. Updated HUB Subcontracting Plan</li> <li>5. Vendor Identification number changes</li> <li>6. HUB status changes</li> </ol>
Responsibility	Contract Manager
Procedure	<ol style="list-style-type: none"> <li>1. Written concurrence between DIR and Vendor regarding administrative change occurs, including: <ol style="list-style-type: none"> <li>a. Description of change</li> <li>b. Reason for change</li> <li>c. Effective date of change (example: using tracking log (Appendix 38))</li> </ol> </li> <li>2. If further action is required by DIR, notify staff involved. <ol style="list-style-type: none"> <li>a. If DIR Web site update, notify Web Services staff.</li> <li>b. If HUB Subcontracting Plan changes, review HUB plan with HUB Coordinator, obtain concurrence, and post updated HUB Plan on DIR web page in accordance with the HUB Policies and Procedures Manual Section 3.5</li> </ol> </li> </ol>

	<ul style="list-style-type: none"> <li>c. If Management Plans need updating, review proposed changes with program staff, obtain concurrence, document contract file</li> <li>d. For Tex-AN NG CTSAs, changes to prices to the customers are approved at the administrative level to speed access to new, lower prices</li> </ul> <ol style="list-style-type: none"> <li>3. Upon completion of further action, notify Vendor, if necessary obtain concurrence</li> <li>4. File documentation <ul style="list-style-type: none"> <li>a. Electronic copy in Enterprise Contracts Management System</li> <li>b. Paper copy in Contract File</li> </ul> </li> </ol>
Date of Last Revision	04/2013



#### Procedure 4.60 Formal Contract Amendment Assessment

Purpose	<p>To establish procedure for determining if a formal amendment will be made to a Contract. Examples of contract amendments include:</p> <ol style="list-style-type: none"><li>1. Change of any terms and conditions</li><li>2. Change of price of contract, unless an informal process if allowed by contract</li><li>3. Change in statement of work</li></ol> <p>Sources of amendments include but are not limited to:</p> <ol style="list-style-type: none"><li>1. Vendor requests</li><li>2. Contract Manager reviews contract and/or Vendor performance and identifies potential need for amendment</li><li>3. DIR business needs change</li><li>4. Legislative changes</li><li>5. State procurement rule changes</li><li>6. Contract is nearing end of current term and may require extension in accordance with the agreement</li><li>7. Customer requirements change</li></ol>
When to Use	When a formal Contract amendment is required
Responsibility	Contract Manager, unless otherwise noted
Procedure	<ol style="list-style-type: none"><li>1. Recognition of potential need for amendment initiated by:<ol style="list-style-type: none"><li>a. Vendor</li><li>b. Customer</li><li>c. DIR</li></ol><p>Note: There may be various processes followed however Contract Manager is responsible for ensuring amendment is appropriate and within contract scope.</p></li><li>2. Perform assessment of potential need for amendment<ol style="list-style-type: none"><li>a. Review original RFO and Electronic State Business Daily (ESBD) Posting</li><li>b. Review vendor's response to RFO</li><li>c. Review original award to Vendor</li><li>d. Review products and services in contract</li></ol></li></ol>

	<ul style="list-style-type: none"> <li>e. If within scope of contract/award, Perform 1.30 Research Tools and make recommendation on product changes being offered</li> <li>f. Determine if best value can be obtained as a result of the proposed amendment and proceed to Step 3</li> <li>g. If extension of Contract <ul style="list-style-type: none"> <li>i. Document Contract Scope Sheet with purpose for amendment</li> </ul> </li> <li>h. If changes in DIR business needs, legislation, or State procurement rules, proceed to Step 3</li> <li>i. If Amendment is due to change in Vendor's corporate structure or ownership, obtain sufficient supporting documentation and document the Contract Scope Sheet with purpose of amendment</li> </ul> <p>3. If Amendment is to add product or services to current contract:</p> <ul style="list-style-type: none"> <li>a. Review product/service request for the following: <ul style="list-style-type: none"> <li>i. Original scope of RFO to see if product/service is within original scope</li> <li>ii. Original response from RFO to see if vendor included product/service in initial response</li> <li>iii. If both requirements are met, contract manager may proceed. If both requirements are not met, see 3.b.iii below for additional procedure</li> <li>iv. Review by Subject Matter Expert will be included for highly technical products/services and related pricing. Vendor may be required to complete an assessment to determine the qualifications, functionality, capabilities, etc. of the products/services they are proposing to add.</li> </ul> </li> <li>b. Additional criteria for consideration and support for recommendations <ul style="list-style-type: none"> <li>i. Reduced pricing compared to currently contracted products/services</li> <li>ii. Does product/service add value in terms of meeting customer needs</li> <li>iii. If the product/service is within the original scope of the RFO but not included in initial response, is there a compelling reason or mitigating factor that would necessitate adding the product/service to the contract</li> <li>iv. Does adding product/service provide more regional access for customers</li> </ul> </li> </ul>
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	<ul style="list-style-type: none"> <li>v. Is Vendor a HUB or do they have HUB resellers for the customers to use</li> <li>vi. Is product/service currently available through other DIR contracts</li> </ul> <p>c. Document finding and recommendations and submit for review and approval.</p> <ul style="list-style-type: none"> <li>i. Example of recommendations: <ul style="list-style-type: none"> <li>1. To add: Product/Service being added to vendor contract is within original scope of RFO and vendor did include in initial response. Discounts are higher than other similar products, and vendor is a HUB, and the products/service are only available on one other contract – recommend adding product/service</li> <li>2. Not to add: Product/Service requested is within scope of RFO and vendor did include in initial response. Discounts are one point less than the lowest discount and the requested products/service is offered through 4 other contracts – recommend not adding product/service</li> </ul> </li> </ul> <p>d. Document findings in contract amendment and supporting documentation</p> <p>e. Assemble Amendment Recommendation approval routing package</p> <ul style="list-style-type: none"> <li>a. Any applicable supporting documentation</li> <li>b. Place in blue folder</li> </ul> <p>f. Internal routing of Amendment Recommendation package for approval and signature</p> <ul style="list-style-type: none"> <li>a. Reviewer process <ul style="list-style-type: none"> <li>i. Review complete Amendment Recommendation package</li> <li>ii. Provide necessary comments</li> <li>iii. Fill in applicable details on BIM</li> <li>iv. Route to next party listed</li> <li>v. If not acceptable, route back to Contract Manager for clarification or correction</li> </ul> </li> </ul> <p>4. If determination to proceed</p>
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	<ul style="list-style-type: none"> <li>a. Notify Vendor</li> <li>b. Proceed to 4.70 Create and Execute Amendment</li> </ul> <ul style="list-style-type: none"> <li>5. If determination is not to proceed, provide written notification to Vendor and any other parties involved</li> <li>6. Place all documentation in Contract file; document in Salesforce and T:Drive as appropriate</li> </ul>
Date of Last Revision	6/2013

#### Procedure 4.70 Create and Execute Amendments

Purpose	To ensure that all contract amendments are created and executed in a consistent manner
When to Use	Anytime a contract is amended
Responsibility	Contract Manager, unless otherwise noted
Procedure	<ol style="list-style-type: none"><li>1. Draft amendment language, include any terms and conditions that have been updated since the contract was executed or last amended by CAT or legal review</li><li>2. Route to Vendor via email for review/redline. Log date/action in Salesforce comments section.</li><li>3. Review Vendor's redline and work to resolve all issues via e-mail or face-to-face meetings as needed</li><li>4. Incorporate all agreed-to language into the draft amendment</li><li>5. Create final amendment document</li><li>6. Spell check and proof-read amendment</li><li>7. Follow the applicable governance reviews for amendments</li><li>8. Status Check of Vendor<ol style="list-style-type: none"><li>a. CMBL Status<ol style="list-style-type: none"><li>i. Check <a href="https://mycpa.cpa.state.tx.us/tpasscmbblsearch/index.jsp">https://mycpa.cpa.state.tx.us/tpasscmbblsearch/index.jsp</a></li><li>ii. Verify that Vendor has active CMBL catalog linked from site</li></ol></li><li>b. CPA Tax standing<ol style="list-style-type: none"><li>i. Check <a href="https://ourcpa.cpa.state.tx.us/coa/Index.html">https://ourcpa.cpa.state.tx.us/coa/Index.html</a> link to Comptroller of Public Accounts</li><li>ii. Verify that CPA records show that no delinquent taxes are owed</li></ol></li><li>c. NIGP Class Items Codes</li></ol></li></ol>

	<ul style="list-style-type: none"> <li> <ul style="list-style-type: none"> <li>i. Check <a href="http://cmbldreg.cpa.state.tx.us/commodity_book/Numeric_index.cfm">http://cmbldreg.cpa.state.tx.us/commodity_book/Numeric_index.cfm</a></li> <li>ii. Verify that all class and item codes to be awarded are contained in catalog.</li> </ul> </li> <li>d. HUB Status           <ul style="list-style-type: none"> <li>i. Check <a href="http://www.window.state.tx.us/procurement/cmb/cmbhub.html">http://www.window.state.tx.us/procurement/cmb/cmbhub.html</a></li> <li>ii. Confirm status and type, if applicable</li> </ul> </li> <li>e. <i>Excluded Parties List System (EPLS)</i> maintained by the U. S. General Services Administration           <ul style="list-style-type: none"> <li>i. Check System for Award Management (SAM) <a href="https://www.sam.gov/portal/public/SAM">https://www.sam.gov/portal/public/SAM</a></li> <li>ii. Verify that vendor is not suspended or debarred from doing business with the federal government</li> </ul> </li> <li>f. Terrorism List published by the United States Department of the Treasury, Office of Foreign Assets Control           <ul style="list-style-type: none"> <li>i. Verify that Vendor is not listed as a terrorist or terrorist organization <a href="http://www.treasury.gov/resource-center/sanctions/SDN-List/Pages/default.aspx">http://www.treasury.gov/resource-center/sanctions/SDN-List/Pages/default.aspx</a></li> </ul> </li> <li>g. TPASS Vendor Performance Program           <ul style="list-style-type: none"> <li>i. Check <a href="http://www.cpa.state.tx.us/procurement/prog/vendor_performance/debarred/">http://www.cpa.state.tx.us/procurement/prog/vendor_performance/debarred/</a> to ensure that Vendor has not been debarred by CPA</li> </ul> </li> <li>h. Infoview           <ul style="list-style-type: none"> <li>i. Check with Compliance Analyst that Vendor does not have an outstanding DIR balance</li> </ul> </li> <li>i. Insurance           <ul style="list-style-type: none"> <li>i. Check that Vendor insurance (Worker's Compensation, Commercial, Automobile) is not expired and compliant with contract terms and conditions</li> </ul> </li> <li>j. Web page           <ul style="list-style-type: none"> <li>i. Check that Vendor web page is functioning and up-to-date according to requirements defined in contract</li> </ul> </li> </ul> <p>9. If any requirements of Step 8 are not met by Vendor, notify Vendor immediately, do not proceed until corrected by Vendor</p> <p>10. If amendment includes pricing change or Cost Avoidance is due, update Cost Avoidance in accordance with 4.120 Cost Avoidance</p>
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	<p>11. If Amendment is to add product or services to current contract:</p> <ul style="list-style-type: none"> <li>a. Review product/service request for the following: <ul style="list-style-type: none"> <li>i. Original scope of RFO to see if product/service is within original scope</li> <li>ii. Original response from RFO to see if vendor included product/service in initial response; ensure product/service was awarded <ul style="list-style-type: none"> <li>1. If all requirements are met, contract manager may proceed.</li> </ul> </li> </ul> </li> <li>b. Additional criteria for consideration and support for recommendations <ul style="list-style-type: none"> <li>i. Discount compared to currently contracted products/services</li> <li>ii. Does product/service add value in terms of meeting customer needs</li> <li>iii. Does adding product/service provide more regional access for customers</li> <li>iv. Is product/service currently available through other DIR contracts</li> </ul> </li> <li>c. Document finding and recommendations and submit for review and approval. <ul style="list-style-type: none"> <li>i. Example of recommendations: <ul style="list-style-type: none"> <li>1. To add: Product/Service being added to vendor contract is within original scope of RFO and vendor did include in initial response. Discounts are higher than other similar products, and vendor is a HUB, and the products/service are only available on one other contract – recommend adding product/service</li> <li>2. Not to add: Product/Service requested is within scope of RFO and vendor did include in initial response. Discounts are one point less than the lowest discount and the requested products/service is offered through 4 other contracts – recommend not adding product/service</li> </ul> </li> </ul> </li> </ul> <p>12. Update applicable Amendment details in Contract Scope Information (Appendix 29)</p> <ul style="list-style-type: none"> <li>a. DIR Contract Manager</li> <li>b. Reason for Amendment</li> <li>c. Historical Purchase Volume</li> <li>d. Projected Purchase Volume</li> </ul>
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	<ul style="list-style-type: none"> <li>e. Administrative Fee</li> <li>f. Additional Cost Savings – include current cost savings compared to previous cost savings, if applicable</li> <li>g. Cost Avoidance – provide backup research</li> <li>h. Effective Date of Cost Avoidance</li> <li>i. New Discount Effective Date</li> <li>j. Amendment Summary</li> </ul> <p>13. Fill out Business Issues Memorandum (Appendix 1)</p> <ul style="list-style-type: none"> <li>a. Select appropriate document type</li> <li>b. Insert appropriate due date <ul style="list-style-type: none"> <li>i. Must be reasonable due date that will allow due diligence review by all parties</li> <li>ii. ASAP is not an acceptable date</li> <li>iii. Leave Final Execution Due Date blank</li> </ul> </li> <li>c. Write “N/A” on the initial lines in the first column for Coordinating Approval Authority and Executive Approval Authority</li> <li>d. Leave Final Initials lines in the third column blank</li> </ul> <p>14. Prepare Amendment Package</p> <ul style="list-style-type: none"> <li>a. Original Amendment</li> <li>b. Amendment Scope Statement (page 4 of Contract Information Document), (not applicable for DCS Amendments)</li> <li>c. Any supporting documents applicable <ul style="list-style-type: none"> <li>i. CMBL Status</li> <li>ii. NIGP Class Item Codes</li> <li>iii. HUB Status (if applicable)</li> <li>iv. CPA Tax Standing</li> <li>v. Debarred Vendor Check</li> <li>vi. Excluded Parties List System (EPLS)/System for Award Management (SAM)</li> <li>vii. Terrorism List</li> <li>viii. TPASS Vendor Performance Program</li> <li>ix. Web Check</li> <li>x. Insurance Check</li> <li>xi. Infoview Check</li> <li>xii. Sales Check</li> <li>xiii. Atlas Report</li> <li>xiv. Marketing Plan</li> <li>xv. Attach Contract Folder</li> </ul> </li> </ul> <p>15. Internal routing of Amendment Package for approval Log date/action in Salesforce comments section</p>
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	<ul style="list-style-type: none"> <li>a. Reviewers <ul style="list-style-type: none"> <li>i. CTPM/CTCM</li> <li>ii. Manager of Enterprise Contract Section</li> <li>iii. Director, Technology Sourcing Office</li> <li>iv. Office of General Counsel</li> <li>v. Executive Director</li> </ul> </li> <li>b. Reviewer process <ul style="list-style-type: none"> <li>i. Review complete Amendment Package</li> <li>ii. Provide necessary comments</li> <li>iii. Fill in applicable details on BIM</li> <li>iv. Route to next party listed</li> <li>v. If not acceptable, route back to Contract Manager for clarification or correction</li> </ul> </li> <li>c. CTPM/CTCM Process <ul style="list-style-type: none"> <li>i. The CTPM/CTCM will review the amendment folder for accuracy. The blue folder should contain: <b>Routing slip</b> (stapled to the front of blue folder) Review the Vendor Name, Contract Number, Contract Term, Funding Requirements, and Business Impact with supporting documentation in the folder for accuracy, punctuation, and verbiage. Ensure Amendment is checked for. Review any Administrative Notes</li> <li>ii. Left side of folder should contain <ul style="list-style-type: none"> <li><b>Cost avoidance</b> –Ensure the Vendor Name, Contract Number, and cost avoidance formulas capture are the correct fields and are calculated correctly. There should be 2 copies in the folder, one that contains the % and one the show the formulas</li> <li><b>Contract scope</b> – All fields on the Scope Statement should be completed. Ensure Contract Number, Contract Title, and Prime Vendor Name is correct. Ensure the projected sales reflect the amount as indicated by the vendor in the folder’s documentation and the Cost Avoidance amount is the same as reflected on the Cost Avoidance Sheet</li> <li><b>Supporting Documentation</b> –If updates were made to Appendix C (i.e. add/remove product, increase discounts, or name change) documentation requesting this update should be available in the folder.</li> <li><b>Compliance Review</b> <ul style="list-style-type: none"> <li>Website Checklist</li> <li>Insurance</li> <li>Payments (Infoview)</li> <li>Sales (Salesforce)</li> </ul> </li> </ul> </li> </ul> </li> </ul>
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	<p>Franchise Tax CMBL SAM Specifically Designated Nationals &amp; Blocked Person Debarred Vendor's List</p> <p>16. Approved Amendment Package returned to Contract Manager</p> <p>17. If Amendment requires Board approval for execution, fill out Procurement Plan documentation (Appendix 42) and submit for next Board Meeting. See Procedure 3.60 for Board Approval process</p> <p>18. Notify Vendor that amendment is ready for signature and coordinate signature by Vendor. Electronic signatures and transmission are acceptable.</p> <p>19. If Vendor is available locally, coordinate signature at DIR offices</p> <p>20. Receive Amendment signed .pdf by Vendor via email or mail.</p> <p>21. Review both Amendment originals to ensure that they have been signed and dated by authorized Vendor representative</p> <p>22. If required, ensure that Board approval has been obtained prior to forwarding amendment for execution</p> <p>23. Forward Final Amendment Package to Office of General Counsel and Chief Operating Officer for final execution</p> <p>24. Executed Amendments returned to Contract Manager</p> <ol style="list-style-type: none"> <li>Review both Amendment originals to ensure they both have Chief Operating Officer and Office of General Counsel signatures and date</li> </ol> <p>25. Send one fully executed original Amendment to Vendor.</p> <p>26. Complete Contract Details Changed as Result of Amendment in Contract Information Document, if applicable</p> <p>27. Update electronic contract document signature page</p> <ol style="list-style-type: none"> <li>Insert "<i>signature on file</i>" in signature blocks</li> <li>Insert date signed by both parties</li> <li>Insert Contract Attorney initials and date initialed</li> </ol> <p>28. Submit e-mail request to Webservices with the following:</p> <ol style="list-style-type: none"> <li>Provide electronic Amendment document</li> </ol>
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	<ul style="list-style-type: none"> <li>b. Provide all Appendices/Exhibits as separate documents</li> </ul> <p>29. Amended HUB Subcontracting Plans (HSP)</p> <ul style="list-style-type: none"> <li>a. Upload amended HSP into Salesforce. Use the HUB approval date from the HUB department as the effective date</li> <li>b. Enter new resellers/order fulfillers listed in the HSP under “Resellers” section of Salesforce</li> <li>c. Enter new subcontractors listed in the HSP under “Subcontractors” section of Salesforce</li> <li>d. Delete any resellers and/or subcontractors that are not listed on the HSP. Note this on the “Expiration Reason” section.</li> </ul> <p>30. Upload amendment in Salesforce and file contract amendment and all supporting documents in Contract File.</p> <p>31. Create Contract Folder Checklist (Appendix 33) and check off items while proceeding</p> <p>32. File contract amendment and all supporting documents in Contract File in accordance with Contract Folder Guide (Appendix 32)</p>
Date of Last Revision	02/2014

#### Procedure 4.80 Contract Deliverable Escalation

Purpose	To establish a procedure for escalating Vendor's non-compliance with Contract Deliverable (e.g. Management Plans, Reports, incident notification) terms established in contract
When to Use	When one of the following occur: 1) Vendor does not submit deliverable according to schedule established in the contract, or 2) Vendor submits incorrect deliverables
Responsibility	Contract Manager unless otherwise noted
Procedure	<ol style="list-style-type: none"><li>1. Contract Manager reviews Contract Monitoring Spreadsheet daily for Deliverables or reviews deliverables reports from Enterprise Contract Management System (Salesforce) to determine if Vendors are submitting Deliverables in accordance with contract requirements</li><li>2. If Vendor is not complying with deliverable(s) submission dates, Contract Manager will take appropriate action, as indicated in the applicable contract. (See TEX-AN Contract Management Procedures Addendum) If a cure letter or request for corrective action plan is applicable, then Contract Manager will:<ol style="list-style-type: none"><li>a. Provide detailed description of the issue and desired correction</li><li>b. Provide correction timeframe (as per contract requirements) including notification date</li><li>c. Copy Vendor Contract Manager on e-mail</li></ol></li><li>3. Place copy of notification in Contract file and add comment to Salesforce.</li><li>4. If Vendor is unable to provide correction within the agreed-to timeframe, proceed to 4.140 Remedies for Non-Compliance</li></ol>
Date of Last Revision	

#### Procedure 4.90 Customer Eligibility Legal Review

Purpose	<p>To ensure that Customer eligibility is determined in accordance with Texas Government Code. Definition and specific Government Code can be found at the following link:</p> <p><a href="http://www2.dir.state.tx.us/ict/overview/pages/customereligibility.aspx">http://www2.dir.state.tx.us/ict/overview/pages/customereligibility.aspx</a></p>
When to Use	<p>Anytime staff is unable to determine eligibility of a Customer submitted by a Vendor in a Deliverable</p>
Responsibility	<p>Contract Manager, Office of General Counsel</p>
Procedure	<ol style="list-style-type: none"><li>1. Contract Manager has a request to identify the eligibility of a particular Customer.</li><li>2. Contract Manager researches customer via Internet search or telephone<ol style="list-style-type: none"><li>a. Collect documentation that shows the governing authority for the entity<ol style="list-style-type: none"><li>i. Perform screen print of Internet information pertaining to entity</li><li>ii. If Internet information not available, collect sufficient documentation from entity</li></ol></li></ol></li><li>3. If necessary, Contract Manager forwards email and documentation to Office of General Counsel for verification</li><li>4. Office of General Counsel reviews information to determine if Customer entities are eligible, ineligible or unknown (need more information to make determination)</li><li>5. Office of General Counsel forwards response/findings to Contract Manager<ol style="list-style-type: none"><li>a. Contract Manager notifies requestor</li></ol></li></ol>
Date of Last Revision	



#### Procedure 4.100 Vendor Direct Sales Compliance Audit For TEXAN-NG Applicable Services

Purpose	To ensure that Vendor direct sales reporting and invoicing are monitored in a consistent manner
When to Use	As determined by anyone in the chain of command and on a case by case basis for Tex-AN NG CTSAs
Responsibility	Contract Manager
Procedure	<ol style="list-style-type: none"><li>1. Contract Manager conducts a spot check during annual reviews and prior to extending contract through amendment to ensure compliance<ol style="list-style-type: none"><li>a. Determine date range of transactions to be included in the compliance check dependent upon TEX-AN NG services awarded</li></ol></li><li>2. Contract Manager extracts list of transactions for each Vendor for compliance check date range<ol style="list-style-type: none"><li>a. Invoice date</li><li>b. Extended Cost</li><li>c. Sort by Extended Cost</li><li>d. Service Category</li></ol></li><li>3. Devise methodology for determining number of invoices to review.</li><li>4. Contract Manager, with support of Sourcing Analytics Team extracts invoice data from Data Warehouse<ol style="list-style-type: none"><li>a. Create a New Query in Business Objects pulling data from the following fields: Customer Name, Invoice Date, Invoice Number, Extended Price, Vendor, Reporting Month</li></ol></li><li>5. Contract Manager reviews invoice data<ol style="list-style-type: none"><li>a. If any discrepancies, Contract Manager will correct it</li><li>b. If no discrepancies, print verification spreadsheet from invoice data and place in Audit Compliance File<ol style="list-style-type: none"><li>i. Customer Name</li><li>ii. Invoice Date</li></ol></li></ol></li></ol>

	<ul style="list-style-type: none"> <li>iii. Invoice Number</li> <li>iv. Extended Price</li> </ul> <ol style="list-style-type: none"> <li>6. Contract Manager requests invoices from the Vendor for compliance audit</li> <li>7. Contract Manager reviews and verifies invoices from Vendor <ol style="list-style-type: none"> <li>a. Manually check off each invoice number to indicate that all criteria that was reported matches what was on the actual invoice that was received from the vendor</li> <li>b. Note if any invoice numbers are missing, duplicate, and/or if there are any comments, e.g., the invoice number is not readable on the invoice</li> <li>c. Check to see that the extended price matches what was reported</li> <li>d. Check for any tax and fees.</li> <li>e. Check Line items on the invoices to ensure the vendor is not selling services outside of what is covered under their contract.</li> <li>f. Any invoice discrepancies are recorded on the invoice spreadsheet</li> </ol> </li> <li>8. Contract Manager prepares a report of preliminary findings and recommendation(s) as appropriate for resolution with the Vendor <ol style="list-style-type: none"> <li>a. Contract Manager may determine that a more in depth review is required of Vendor invoices if the error rate is considered high.</li> <li>b. If it is found that the Customer was incorrectly charged tax and/or fees. Vendor will be required to give the Customer a credit</li> </ol> </li> <li>9. Contract Manager prepares a preliminary report of findings in a three-ring binder. Reports should be tailored to Tex-an NG services awarded. <ol style="list-style-type: none"> <li>a. There should be five sections with tabs within each vendor's binder as follows: <ol style="list-style-type: none"> <li>i. CONCLUSION – This section should include a short paragraph with the overall results of the survey</li> <li>ii. TIMELINE – This section contains the timeline to show the progression of the compliance check as it progressed from beginning to end. Ex: 8/28/04: Contract manager and Sourcing Analytics team met to go over stratification plan. One hundred seventy lines items from invoices will be checked</li> </ol> </li> </ol> </li> </ol>
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	<ul style="list-style-type: none"> <li>iii. STRATIFICATION – This section contains a copy of the stratification table results showing how many invoices were to have been pulled. This section identifies the methodology used.</li> <li>iv. INVOICES REQUESTED - This section contains the results of the Excel spreadsheet with 4 columns: Customer Name – Invoice Date – Invoice Number – Extended Price</li> <li>v. INVOICES REVIEWED - This section contains copies of the vendor invoices sorted in ascending order by invoice number</li> </ul> <p>10. Contract Manager drafts letter to Vendor with preliminary report of findings and cure period for fixing invoicing items identified.</p> <p>11. Contract Manager prepares the final report with any appropriate recommendations</p> <ul style="list-style-type: none"> <li>a. Brief summary of the method and the compliance activities, as well as specific details regarding the number of customers, invoices reviewed, error rate, and examples</li> <li>b. Include any trends and/or areas of concern</li> </ul> <p>12. Contract Manager routes final report to Manager of Enterprise Contracts Section for approval</p> <p>13. A copy of the final report is provided to the Vendor and filed in the Contract folder</p>
Date of Last Revision	

#### Procedure 4.110 Periodic Vendor Performance Meeting

Purpose	To establish a procedure for conducting a periodic meeting with Vendors to discuss performance under the contract
When to Use	Whenever a periodic performance meeting will be conducted. The frequency of these meetings will vary depending upon the volatility of the product/service, nature of the contract, performance of vendor, etc.
Responsibility	Contract Manager
Procedure	<ol style="list-style-type: none"><li>1. Schedule performance review meeting with vendor<ol style="list-style-type: none"><li>a. Face-to-face</li><li>b. Via phone</li></ol></li><li>2. Invite other internal staff, if applicable<ol style="list-style-type: none"><li>a. Manager of Enterprise Contracts Section</li><li>b. Other Contract Managers as applicable</li><li>c. Program staff as appropriate</li></ol></li><li>3. Request agenda items from all parties</li><li>4. Review documentation from 4.40 On-Going Contract Monitoring, and note any items that need to be addressed</li><li>5. Create an agenda at least 5 business days prior to meeting<ol style="list-style-type: none"><li>a. E-mail to Vendor if meeting is via phone</li></ol></li><li>6. Conduct meeting<ol style="list-style-type: none"><li>a. Review performance, including operations as well as contractual performance</li><li>b. Review reporting performance</li><li>c. Review HUB reporting requirements</li><li>d. Answer any questions vendor may have</li></ol></li><li>7. Summarize meeting and place notes in the Enterprise Contract Management System</li></ol>
Date of Last Revision	

#### Procedure 4.120 Cost Avoidance

Purpose	To ensure that all review and analysis regarding cost avoidance under DIR Contracts is conducted in a consistent manner and documented appropriately
When to Use	Any time cost avoidance is calculated <ol style="list-style-type: none"> <li>1. Research phase</li> <li>2. Determination of initial cost avoidance at execution of contract</li> <li>3. Periodic updates of cost avoidance</li> <li>4. When cost avoidance is conducted on contracts following the cooperative contracts format/model (Contracts which are benchmarked through a third party do not follow this procedure)</li> </ol>
Responsibility	Contract Manager, unless otherwise noted
Procedure	<ol style="list-style-type: none"> <li>1. Identify which products to research <ol style="list-style-type: none"> <li>a. Top Selling Products <ol style="list-style-type: none"> <li>i. Request the vendor to provide information on its top selling products</li> <li>ii. Review sales reports, if applicable, for most frequently sold part numbers, product names</li> </ol> </li> <li>b. Top Selling Products-Contract Renewals <ol style="list-style-type: none"> <li>i. Run Business Objects sales report for identifying most frequently sold part numbers and product names. Provide vendor with information on its top selling products and request MSRP, discount and DIR price. Services are not typically used in cost avoidance calculations unless services are the only thing being considered for award</li> </ol> </li> <li>c. Current models</li> <li>d. Configuration, if applicable</li> </ol> <p>Identify the number of products to request for the sample</p> <ol style="list-style-type: none"> <li>i. Depends on the scope of the products being researched <ol style="list-style-type: none"> <li>1. Large scope would require a larger sampling</li> <li>2. Small scope would require a smaller sampling</li> </ol> </li> </ol> </li> <li>2. Details of products to capture for report <ol style="list-style-type: none"> <li>a. Product part numbers, if any</li> <li>b. Name of product</li> <li>c. Product description</li> <li>d. Quantity of one or lowest unit of measure, pricing levels (e.g., level based on pricing structure)</li> </ol> </li> </ol>

	<ul style="list-style-type: none"> <li> <ul style="list-style-type: none"> <li>i. Special, one time price discounts should not be used unless vendor agrees to amend contract with new pricing.</li> <li>ii. Verify pricing is in accordance with contract pricing</li> </ul> </li> <li>3. Determine the DIR Contract price for each of the products listed in Step 1           <ul style="list-style-type: none"> <li>a. Screen prints from internet documenting MSRP, List Price, or other basis for determining DIR Contract price</li> </ul> </li> <li>4. Identify the sources with the same and/or comparable products for price analysis           <ul style="list-style-type: none"> <li>a. Vendor who sells the product</li> <li>b. GSA pricing (<a href="http://www.gsa.gov">www.gsa.gov</a>)</li> <li>c. Other states, if DIR customers can purchase off these contracts</li> <li>d. Other Cooperatives               <ul style="list-style-type: none"> <li>i. The Interlocal Purchasing System (TIPS) <a href="https://www.tips-usa.com/">https://www.tips-usa.com/</a></li> <li>ii. The Cooperative Purchasing Network (TCPN) <a href="http://www.tcpn.org/Pages/default.aspx">http://www.tcpn.org/Pages/default.aspx</a></li> <li>iii. Western States Contracting Alliance (WSCA) <a href="http://www.aboutwsca.org/content.cfm/id/WSCA?CFID=15106358&amp;CFTOKEN=dd2aefcb84919c91-D67E432B-1F29-3240-2984C914BD1AC29B">http://www.aboutwsca.org/content.cfm/id/WSCA?CFID=15106358&amp;CFTOKEN=dd2aefcb84919c91-D67E432B-1F29-3240-2984C914BD1AC29B</a></li> </ul> </li> <li>e. Internet searches to identify other vendors for comparison</li> </ul> </li> <li>5. Perform pricing research           <ul style="list-style-type: none"> <li>a. Obtain pricing and "industry" pricing structure from the identified vendor(s) sources</li> <li>b. Best pricing for purchasing a quantity of "one" (lowest unit of measure) is the rule of thumb to follow in comparing vendor pricing. On GSA Advantage website consideration should be given to minimum order dollar amounts when multiple vendors offer a product. The lowest minimum order amount should be used to best represent a quantity of one</li> <li>c. Internet</li> <li>d. Calling vendors for quotes</li> </ul> </li> <li>6. Gather documentation for cost avoidance           <ul style="list-style-type: none"> <li>a. Quotes</li> <li>b. Screen prints from internet</li> </ul> </li> <li>7. Calculate cost avoidance           <ul style="list-style-type: none"> <li>a. Determine the calculation method that will be used for the price analysis               <ul style="list-style-type: none"> <li>i. pricing on a quantity of one</li> <li>ii. weighted average pricing</li> </ul> </li> </ul> </li> <li>8. Supporting documentation to be used as the basis for determining product cost avoidance</li> </ul>
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	<ul style="list-style-type: none"> <li>a. Source of information</li> <li>b. Product(s) names that were researched.</li> <li>c. Description</li> <li>d. Product number(s)</li> <li>e. Source for vendor's selling price</li> <li>f. Price offered to DIR eligible Customers outside the DIR contract</li> </ul> <p>9. Create Cost Avoidance Spreadsheet (Appendix 54) having following information, customize as necessary</p> <ul style="list-style-type: none"> <li>a. Product number</li> <li>b. Product name</li> <li>c. MSRP, List Price, or State Government Price</li> <li>d. DIR Contracted Price</li> <li>e. Pricing available from other sources</li> <li>f. Cost Avoidance % <ul style="list-style-type: none"> <li>i. Difference between DIR Contracted Price and pricing available from other sources</li> </ul> </li> <li>g. Weighted average of cost avoidance % if applicable</li> </ul> <p>10. Fill out Business Issues Memorandum (BIM) (Appendix 1)</p> <p>11. Prepare Cost Avoidance Package</p> <ul style="list-style-type: none"> <li>a. Cost avoidance spreadsheet</li> <li>b. Supporting documentation collected in step 8</li> </ul> <p>12. If the Cost Avoidance Average Discount results in a negative discount (lower than "0"), vendor should be advised that increase discounts or removal of product(s) may be required for further consideration of an award or a renewal. Results should be discussed with the Contract and Vendor Management Manager</p> <p>13. Routing Cost Avoidance Package for approval</p> <ul style="list-style-type: none"> <li>a. Review process <ul style="list-style-type: none"> <li>i. Review spreadsheet and supporting documentation.</li> <li>ii. Ensure the Vendor Name, Contract Number, and cost avoidance formulas captured are the correct fields and is calculated correctly</li> <li>iii. Ensure 2 copies of the cost avoidance is in the folder, one that contains the % and one the shows the formulas</li> <li>iv. Contract Manager reviewing should initial and date the first page of the cost avoidance in the lower right hand corner as confirmation spreadsheet was reviewed and all elements were recorded and correct</li> <li>v. Provide necessary comments</li> <li>vi. Fill in applicable details on BIM</li> <li>vii. If not acceptable, route back to Contract Manager for clarification or correction</li> </ul> </li> </ul> <p>14. Approved Cost Avoidance Package returned to Contract Manager</p>
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	<p>15. Update Cost Avoidance percentage and date in Salesforce database</p> <ul style="list-style-type: none"> <li>a. Date Performed</li> <li>b. Cost Avoidance amount</li> <li>c. File original Cost Avoidance Package and signed BIM in Contract Folder</li> </ul>
Date of Last Revision	04/2014

#### Procedure 4.130 Issues Resolution

Purpose	To establish procedure for resolving contractual issues that arise during the term of the contract. Note: Contracts may already have an Issue Resolution process to follow in the signed Contract terms and conditions
When to Use	Anytime contractual issues occur
Responsibility	Contract Manager, unless otherwise noted
Procedure	<ol style="list-style-type: none"><li>1. Contract Manager receives notification that issue has occurred. Potential Sources:<ol style="list-style-type: none"><li>a. Customer</li><li>b. Vendor</li><li>c. Contract Manager</li><li>d. Other DIR staff</li><li>e. Other vendors</li></ol></li><li>2. Contract Manager researches and gathers all facts pertinent to the issue. Depending on the issue some or all of these steps may be completed (or as indicated in the signed Contract terms and conditions)<ol style="list-style-type: none"><li>a. Contact all related parties and obtain written documentation of their version of the event or issue</li><li>b. Assessment of facts<ol style="list-style-type: none"><li>i. Review written documentation</li><li>ii. Review contract and determine if any terms and conditions have been violated</li></ol></li><li>c. Determine if formal or informal resolution required<ol style="list-style-type: none"><li>i. Informal resolution is used for routine problems</li><li>ii. Formal resolution is used for contractual terms violated or if problem requires formal mediation</li></ol></li></ol></li><li>3. Determine appropriate resolution<ol style="list-style-type: none"><li>a. If informal, determination of resolution may require involvement of resolving party</li></ol></li><li>4. Contract Manager issues written notification to appropriate party regarding the resolution and targeted resolution date (or per the</li></ol>

	<p>established process indicated in the signed Contract terms and conditions)</p> <p>5. Contract Manager follows-up with parties to determine if issue has been resolved</p> <ul style="list-style-type: none"> <li>a. If not resolved through informal resolution, Customer and Vendor proceed to Dispute Resolution process outlined in Contract</li> <li>b. If not resolved through formal resolution, proceed to 4.140 Remedies for Non-Compliance</li> </ul> <p>Place appropriate documentation in contract file</p>
Date of Last Revision	



#### Procedure 4.140 Remedies for Non Compliance

Purpose	To establish procedure for pursuing remedies when vendor is not in compliance with Contract
When to Use	Anytime Vendor is not in compliance with Contract and first level resolution is not successful
Responsibility	Contract Manager, unless otherwise noted
Procedure	<ol style="list-style-type: none"><li>1. Draft Cure Notice of Non-Compliance ( or the title as formulated in the Contract)<ol style="list-style-type: none"><li>a. Insert dates into Notice accounting for the required approval routing period of approximately 5 business days</li><li>b. Identify non-compliance issue or event and reference to appropriate section of Contract language</li><li>c. Identify steps that Vendor must take to become compliant on the issue or event</li><li>d. Establish deadline for Vendor to be in compliance regarding issue or event in accordance with contract language (cure period)</li><li>e. Identify history of previous notification regarding the non-compliant issue or event, if applicable</li><li>f. Identify action that will be taken if Vendor fails to be in compliance by end of cure period</li><li>g. Notice of Non-Compliance is signed by the Division Director</li></ol></li><li>2. Create Cure Notice Package for routing<ol style="list-style-type: none"><li>a. Cure Notice of Non-Compliance</li><li>b. Supporting documentation and justification</li></ol></li><li>3. Complete BIM and attach to Cure Notice Package</li><li>4. Route Cure Notice Package for review and concurrence by Manager of Enterprise Contracts Section, Program Division Director and Office of General Counsel.<ol style="list-style-type: none"><li>a. Reviewer process<ol style="list-style-type: none"><li>i. Review complete Cure Notice Package</li></ol></li></ol></li></ol>

	<ul style="list-style-type: none"> <li>ii. Provide necessary comments</li> <li>iii. Fill in applicable details on BIM</li> <li>iv. Route to next party listed</li> </ul> <ol style="list-style-type: none"> <li>5. If not acceptable, route back to Contract Manager for clarification or correction</li> <li>6. Contract Manager receives signed letter</li> <li>7. Make copy and place in Contract file</li> <li>8. Scan letter and save in T: drive file</li> <li>9. Send letter to Vendor <ul style="list-style-type: none"> <li>a. Preferred method is electronic transmission or Certified Mail Return Receipt Requested in order to have proof of date of delivery <ul style="list-style-type: none"> <li>i. Email or Fill out PS Form 3800, Certified Mail Receipt and PS Form 3811, Domestic Return Receipt</li> <li>ii. Compile envelope and place in outgoing mail box in mail room</li> </ul> </li> </ul> </li> <li>10. Document any phone calls and save any written communication with Vendor regarding the issue</li> <li>11. Contract Manager contacts Vendor by deadline established in the Cure Notice to determine if issue has been resolved and to obtain proof of resolution</li> <li>12. If not resolved, document recommendation for next steps (termination or suspension) and escalate to, Office of General Counsel, Division Director, Program Division Director and Executive Director</li> <li>13. Place appropriate documentation in T: drive folder and Contract file</li> </ol> <p>Proceed to 4.150 Contract Termination</p>
Date of Last Revision	

## Procedure 4.150 Contract Termination

Purpose	To establish procedure for terminating a contract at end of term for cause, convenience, non-appropriation or other types of termination contained in the contract
When to Use	Anytime a contract is terminated
Responsibility	Contract Manager, unless otherwise noted
Procedure	<ol style="list-style-type: none"> <li>1. Program Business area may recommend contract be terminated for convenience, as per termination clause in contract.</li> <li>2. Contract Manager will do the following: <ol style="list-style-type: none"> <li>a. Prepare documentation to support recommendation for termination for convenience</li> <li>b. Routing of Termination for Convenience Recommendation</li> <li>c. Reviewer process <ol style="list-style-type: none"> <li>i. Review complete Final Contract Package</li> <li>ii. Provide necessary comments</li> <li>iii. Fill in applicable details on BIM</li> <li>iv. Route to next party listed</li> </ol> </li> <li>d. If not acceptable, route back to Contract Manager for clarification or correction</li> </ol> </li> <li>3. Consult with Office of General Counsel regarding termination letter</li> <li>4. Compose Termination Letter (Sample Termination for Convenience Letter Appendix 40) and include the following: <ol style="list-style-type: none"> <li>a. Effective date of termination (consider lead time for signature and mailing)</li> <li>b. Reason for termination; cite to relevant Contract language</li> <li>c. Remind Vendor of the following: <ol style="list-style-type: none"> <li>i. Any survival terms of the contract</li> <li>ii. Close out any work in progress if applicable</li> <li>iii. Request final sales report</li> <li>iv. Request final administrative fee payment to be sent to Accounting</li> </ol> </li> </ol> </li> </ol>

	<ul style="list-style-type: none"> <li>d. List the Contract Manager as the Contact person for questions</li> <li>e. Signature for Termination for Convenience Letter is determined on a case by case basis</li> <li>f. Request removal of contract offerings from Vendor's Web site upon effective expiration date</li> <li>g. Remind Vendor of records retention requirements</li> </ul> <ol style="list-style-type: none"> <li>5. Assemble Termination Letter approval routing package <ul style="list-style-type: none"> <li>a. Business Issues Memorandum (Appendix 1)</li> <li>b. Termination Letter and any applicable attachments</li> <li>c. Supporting documentation to show justification for termination</li> <li>d. Place in green folder</li> </ul> </li> <li>6. Internal routing of Termination Letter package for approval and signature; at minimum, Director of Technology Sourcing Office, Program Division Director and Office of General Counsel <ul style="list-style-type: none"> <li>a. Reviewer process <ul style="list-style-type: none"> <li>i. Review complete Termination Letter package</li> <li>ii. Provide necessary comments</li> <li>iii. Fill in applicable details on BIM</li> <li>iv. Route to next party listed</li> <li>v. If not acceptable, route back to Contract Manager for clarification or correction</li> </ul> </li> <li>b. Approved Termination letter package returned to Contract Manager</li> <li>c. Review letter to ensure it has been signed.</li> </ul> </li> <li>7. Make copy of Termination Letter and place in Contract file</li> <li>8. Scan Termination Letter and save on T: drive in Contract folder</li> <li>9. Prepare letter for mailing to Vendor, preferred method is electronic transmission or Certified Mail Return Receipt Requested, in order to have proof of date of delivery <ul style="list-style-type: none"> <li>a. Email or fill out PS Form 3800, Certified Mail Receipt and PS Form 3811, Domestic Return Receipt</li> <li>b. Compile envelope and place in outgoing mail box in mail room</li> </ul> </li> <li>10. Update in Salesforce and indicate "Inactive"</li> </ol>
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	Proceed to 5.10 Contract Close-Out
Date of Last Revision	

#### Procedure 4.160 Contract Management Training

Purpose	To establish a procedure for conducting contract management training for new employees, program area staff, executive management and the DIR Board
When to Use	Annually or more frequently as necessary. The frequency of this training will vary depending upon the needs of staff, changes to state statutes, updates to curriculum, etc.
Responsibility	Technology Sourcing Director, Manager of Enterprise Contract Management, Manager of Contracts and Vendor Management
Procedure	<ol style="list-style-type: none"><li>1. Enterprise Contracts will develop training curriculum based on the following:<ol style="list-style-type: none"><li>a. Enterprise Contract Management Procedures Guide</li><li>b. Cooperative Contracts Procedures Guide</li><li>c. CPA Contract Management Guide</li><li>d. Procurement Statutes</li></ol></li><li>2. Schedule contract management training with DIR staff. Training will be conducted:<ol style="list-style-type: none"><li>a. Webinar</li><li>b. Individual tutorials</li><li>c. Board member Guide</li><li>d. Live training sessions</li></ol></li><li>3. Training attendees shall include:<ol style="list-style-type: none"><li>a. Board Members</li><li>b. DIR Executive Staff</li><li>c. Contract Managers</li><li>d. Program staff as appropriate</li></ol></li><li>4. Conduct training and verify staff attendance<ol style="list-style-type: none"><li>a. Compliance and Verification form signed by DIR staff will be maintained by DIR</li></ol></li></ol>
Date of Last Revision	

#### Procedure 4.170 Vendor Performance Tracking

Purpose	To establish a procedure for reporting on a Vendor's performance for a Contract, Purchase Order, Statement of Work, deliverable or other purchase of \$25,000 or more
When to Use	For any purchase of \$25,000 or more
Responsibility	Contract Manager, Purchaser
Procedure	<ol style="list-style-type: none"><li>1. After a Purchase Order is entered into CAPPS, Purchaser will send email to DIR Internal Customer and/or Contract Manager with the Vendor Performance Reporting Form and Codes (Vendor Performance Reporting Template Appendix 55) along with the following information:<ul style="list-style-type: none"><li>• Purchase Order #</li><li>• DIR Contract #</li><li>• Vendor Name</li></ul></li><li>2. Within sixty (60) days of the completion of the Contract, DIR internal customer and/or Contract Manager will fill out the Vendor Performance Reporting Form with the appropriate performance codes and comments for each code.<ol style="list-style-type: none"><li>a. If an incident occurs during the contract life (i.e. an action which requires the reporting of a performance code and comment), DIR internal customer and/or Contract Manager will fill out the Vendor Performance Reporting Form within ninety (90) days of occurrence with the appropriate performance codes and comments for each code.</li></ol></li><li>3. DIR Internal Customer and/or Contract Manager will obtain Director approval and return the report form to the Purchasing Office. A copy of the Director's approval must accompany the reporting form.</li></ol> <p>DIR Purchaser will enter the vendor performance information into CAPPS and will file the documentation in the Purchaser Order file.</p>
Date of Last Revision	

## 5. Contract Close-Out

Contract Close-Out covers the administrative process of closing out a Contract. The Division follows the guidelines established in the State of Texas Contract Management Guide, Version 1.12, last part of Chapter 7.

The contract close-out process is usually a simple but detailed administrative procedure. The purpose is to verify that both parties to the contract have fulfilled their contractual obligations and there are no responsibilities remaining to be fulfilled. In addition, contract close-out is the time to assess the success of the contract and determine if there are any lessons learned for future contracting.

The procedures necessary for Section 5, Contract Close-Out, are contained in the following pages.



### Procedure 5.10 Contract Close-Out

Purpose	To establish a procedure for ensuring that all parties to the Contract have fulfilled their Contractual obligations and no contractual responsibilities remain after the contract has expired or terminated
When to Use	Preferably around 30 days prior to expiration or termination of a Contract
Responsibility	Contract Manager, unless otherwise noted
Procedure	<ol style="list-style-type: none"><li>1. If not termination for cause, convenience or non-appropriation, draft letter notifying Vendor that contract will expire and provide notice in accordance with the contract<ol style="list-style-type: none"><li>a. Request final sales report</li><li>b. Request final administrative fee payment to be sent to Accounting</li><li>c. Note survival clauses</li><li>d. Reference date of execution of original Contract</li><li>e. Reference effective termination date</li><li>f. Request removal of contract offerings from Vendor's Web site upon effective expiration date</li><li>g. Remind Vendor of records retention requirements</li><li>h. Implement Transition Plan</li></ol></li><li>2. Contract Manager signs letter and sends to Vendor</li><li>3. Upon expiration or termination of contract<ol style="list-style-type: none"><li>a. Update Salesforce database<ol style="list-style-type: none"><li>i. Contract Expiration/Termination Date</li><li>ii. Reason for Expiration/Termination</li></ol></li><li>b. Notify all appropriate stakeholders</li><li>c. If any outstanding responsibilities, coordinate with Vendor during transition in accordance with Transition Plan</li></ol></li><li>4. Notify appropriate staff to update Internal Accounting Databases as needed<ol style="list-style-type: none"><li>a. NetPlus – Accounting staff</li><li>b. CAPPS – Accounting staff</li></ol></li></ol>

	<ol style="list-style-type: none"> <li>4. Notify Purchasing Staff of internal Purchase Order close-out, if applicable</li> <li>5. Performance Reports <ol style="list-style-type: none"> <li>a. DIR Vendor Performance Report (Atlas)</li> <li>b. Report to TPASS Vendor Performance Tracking System</li> </ol> </li> <li>6. Archive Contract Files <ol style="list-style-type: none"> <li>a. Move T: drive Contract folder to Terminated and Expired Contracts folder</li> </ol> </li> <li>7. Place physical Contract file in Procurement file</li> </ol>
Date of Last Revision	

## Glossary

Contract File – the physical file containing the original executed contract, any amendments, correspondence, and other contract-related artifacts

Customer – the entities that are served by the contracts administered by the Enterprise Contracts Division, as set forth in the enabling legislation for each Program Area.

Procurement Quality Assurance Team (PQAT) – is comprised of a DIR Contract Manager, Purchasing Manager, or Enterprise Contracts Division Director, Office of General Counsel and others as designated

Program Area - the DIR business unit that is the client of the Enterprise Contract Management Section. These Program areas include the Data Center Services Division, the Communications Technology Services Division and the eGovernment Division (for Texas.gov).

Requestor – person or entity making a request of DIR

Section –Enterprise Contract Management Section of the Technology Sourcing Office of the Department of Information Resources

Suspension/Suspended Contract – A term used to describe a vendor contract that is temporarily inactive for a variety of reasons as more fully described in the individual contracts. Depending on the contract involved, DIR may have the right to suspend in whole or in part any contract for not complying with terms and conditions or metrics established.

T:\drive – the DIR network disk drive where all Enterprise Contracts electronic files are stored

Communications Technology Division Contracts - the family of contracts which support the operation of the Capitol Complex Telephone System (CCTS) and Tex-AN, the Texas Agency Network.

Written Communication – email, memo, letter